



Fiscal Year 2021

Tax Classification Hearing

December 1st, 2020

Aquinnah Board of Assessors

Harald M. Scheid, Principal Assessor/Member

Howard Goldstein , Member

Kayla Manning, Member

Introduction

Each year, prior to the mailing of 3rd quarter tax billings, the Selectmen hold a public hearing to determine the percentage of the town's property tax levy to be borne by each major property class. This responsibility and procedure are described in Chapter 40, Section 56 of the Massachusetts General Laws.

The steps in completing the Classification Hearing are outlined below. Also provided is information about the levy, property assessments, and tax rate options.

Steps in Setting Tax Rates

Pre-classification Hearing Steps

- Step 1: Determination of the property tax levy (Budget Process)
- Step 2: Determine assessed valuations (Assessors)
- Step 3: Tabulate assessed valuations by class (Assessors)
- Step 4: Obtain DOR value certification (Assessors)
- Step 5: Obtain certification of new growth revenues (Assessors)

Classification Hearing Steps

- Step 6: Classification hearing presentation (Assessors & Selectmen)
- Step 7: Review and discuss tax shift options (Selectmen)
- Step 8: Voting a tax shift factor (Selectmen)

Post Classification Hearing Steps

- Step 9: Sign the LA-5 Classification Form (Assessors & Selectmen)
- Step 10: Send annual recap to DOR for tax rate approval (Assessors)
- Step 11: Obtain DOR approval of tax rates (DOR)

Terminology

The following are definitions of the terms frequently used in the discussion of tax rates.

Levy: The tax levy (or levy) is the amount of property taxes to be raised. The levy amount is determined by the budget. The total amount of the approved budget less revenues from other sources like motor vehicle excise, municipal fees, and state aid is the amount to be raised from property taxation. **In Aquinnah, the levy to be raised is estimated to be \$5,146,128. This represents a 0.8% increase over last year's levy of \$5,105,195.**

Levy Ceiling: The levy ceiling is 2.5 percent of the full value of the town. Based on Aquinnah's aggregate valuation of \$805,340,921, the town cannot levy taxes in excess of \$20,133,523.

New Growth Revenue: This represents property taxes derived from newly taxable properties or property improvements like new construction, additions, and personal property. Fiscal year 2021 new growth revenues of \$11,339, have been certified by the Department of Revenue.

Levy Limit: Also referred to as the "Maximum Allowable Levy", is calculated by adding 2.5 percent of the previous year's levy limit, certified new growth revenue, and any Proposition 2 ½ voted revenues to be collected to the prior year's levy limit. **The maximum allowable levy for fiscal year 2021 is certified at \$5,261,744.**

Excess Levy Capacity: Excess levy capacity is the difference between the levy and the levy limit. Aquinnah's excess levy capacity is \$115,615.52.

The Fiscal Year 2021 Levy Limit and Amount to be Raised

The following is a calculation of Aquinnah's estimated levy for fiscal year 2021.

Fiscal year 2020 levy limit	\$5,016,990
Levy increase allowed under Prop. 2 ½	125,425
New growth revenue (certified)	11,339
Debt exclusions	99,808
Refuse District excludable debt	8,122
Fiscal year 2021 levy limit (maximum allowable)	5,261,744
Levy to be raised (rounded by tax rate)	\$5,146,128

Valuations by Class Before Tax Shift

<u>Major Property Class</u>	<u>Valuation</u>	<u>Percent</u>	<u>Res vs CIP%</u>
Residential	786,374,181	97.6449	97.6449
Commercial	9,231,592	1.1463	
Industrial	89,800	0.0111	2.3551
Personal Property	9,645,348	1.1977	
TOTAL	805,340,921	100.0000	

Shifting the Tax Burden

Municipalities with a large commercial/industrial tax base often see fit to shift the tax burden to help maintain lower residential taxes. Aquinnah having a very small commercial tax base is not well positioned to shift its tax burden. It would take an approximate 41 percent increase in the commercial tax rate to yield a one-percent reduction in residential taxes.

Tax Rates

Based on the above shift factors, the Board of Assessors has calculated the following tax rate needed to raise the tax levy.

<u>Property Class</u>	<u>FY2021</u>	<u>FY2020</u>
All Classes	6.39	6.81

Note that the fiscal year 2021 rate is an estimate and may change upon Department of Revenue review.

Tax Impacts

Property sales in the year preceding FY2021 indicate that properties have appreciation approximate 7-8 percent. This required that assessed valuations be increased accordingly. Most property owners will see higher assessed valuations. Increased assessments will be partially offset by a lower tax rate.

The average residential tax bill calculation will change as follows:

FY 2020 Average Single-family Valuation:	\$1,323,500
Taxes at \$6.81 per thousand	\$9,013
FY2021 Average Single-family Valuation:	\$1,432,200
Taxes at \$6.39 per thousand	\$9,152
Average Tax Increase	\$139
Percentage Tax Increase	1.5%

Voting a Tax Shift Factor

The Aquinnah Board of Selectmen votes in accordance with M.G.L., Ch. 40, Sec. 56, as amended, the percentage of local tax levy which will be borne by each class of real and personal property, relative to setting the Fiscal Year 2020 tax rates and set the Residential Factor at 1.0000, with a corresponding CIP shift of 1.0000, pending certification of the Town's annual tax recap by the Massachusetts Department of Revenue.

Single-family Tax Bills & Rank

Comparisons with Other Vineyard Towns

*based on fiscal year 2020 figures

Town	SingFam Homes	Average Home Value	Annual Tax Bill	Income Per Capita	Rank
Aquinnah	402	1,323,500	9,013	17,936	41
Chilmark	1,093	1,980,712	5,665	53,717	141
Edgartown	3,483	1,605,487	5,378	52,303	163
Oak Bluffs	3,382	756,615	5,629	23,417	144
Tisbury*	-0-	-0-	-0-	-0-	*
West Tisbury	1,474	1,101,800	6,688	35,403	89

*No figures published for Tisbury on DLS Databank