



Fiscal Year 2020

Tax Classification Hearing

December 5th, 2019

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 holds 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 \$5,105,195. This represents a 11.8% increase over last year's levy of \$4,564,318. Much of the increase can be attributed to the voter approved debt exclusion and override.**

Levy Ceiling: The levy ceiling is 2.5 percent of the full value of the town. Based on Aquinnah's aggregate valuation of \$749,661,496, the town cannot levy taxes in excess of \$18,741,537.

New Growth Revenue: This represents property taxes derived from newly taxable properties or property improvements like new construction, additions, renovations, subdivisions, and personal property. Fiscal year 2020 new growth revenues of \$24,879, 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 2020 is certified at \$5,133,486.**

Excess Levy Capacity: Excess levy capacity is the difference between the levy and the levy limit. Fitchburg's excess levy capacity is \$28,291.

The Fiscal Year 2020 Levy Limit and Amount to be Raised

The following is a calculation of Aquinnah's estimated levy for fiscal year 2020.

Fiscal year 2019 levy limit	\$4,504,499
Levy increase allowed under Prop. 2 ½	112,612
New growth revenue (certified)	24,879
Debt exclusions	108,314
Other adjustments (revised 2019 growth)	383,182
Fiscal year 2020 levy limit	5,133,486
Levy to be raised (rounded by tax rate)	\$5,105,195

Valuations by Class Before Tax Shift

<u>Major Property Class</u>	<u>Valuation</u>	<u>Percent</u>	<u>Res vs CIP%</u>
Residential	729,999,846	97.3773	97.3773
Commercial	9,541,427	1.2728	
Industrial	82,000	0.0109	2.6227
Personal Property	10,038,223	1.3390	
TOTAL	749,661,496	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 38 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>FY2020</u>	<u>FY2019</u>
All Classes	6.81	6.12

Note that the fiscal year 2020 rate is an estimate and may change upon Department of Revenue review.

Tax Impacts

With no clear market evidence that property values have appreciated during the base year for fiscal year 2020 as evidenced by analyzing calendar year 2018 sales, the Assessors have not increased valuations on most property. Only those properties that saw new construction, additions, or major renovations have been increased.

The average residential tax bill calculation will change as follows:

FY 2019 Average Single Family Valuation:	\$1,305,000
Taxes at \$6.12 per thousand	\$7,987
FY2020 Average Single Family Valuation:	\$1,305,000
Taxes at \$6.81 per thousand	\$8,887
Average Tax Increase	\$900
Percentage Tax Increase	11.2%

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.

Comparisons with Other Vineyard Towns

*based on fiscal year 2019 figures

Town	Parcels	Levy	Avg SF Value	Tax Rate	Avg Res TB
Aquinnah	797	4,564,318	1,304,683	6.81	8,887
Chilmark	2,243	9,435,672	1,914,292	2.88	5,513
Edgartown	5,987	34,388,082	1,523,186	3.87	5,895
Oak Bluffs	4,816	24,721,196	713,198	7.69	5,484
Tisbury	3,282	25,800,845	*	8.61	*
West Tisbury	2,526	16,742,220	1,070,999	6.18	6,619

*No figures published for Tisbury on DLS Databank