

# Fiscal Year 2025 Town of Truro Tax Rate Classification Hearing

A Review of the Fiscal Year 2025  
Property Tax Levy and Classification Options



September 24, 2024

## Assessed Values

Truro realized a growth in overall property value of **4.8%** for Fiscal Year 2025.

Sales have returned to a more “typical” increase in value-rather than the large increases in value seen the previous two years (25% & 19%).

The FY2025 property values are based on the sales in calendar years 2021, 2022 & 2023.

Class	FY2025 Value	FY2024 Value	Change	% Increase
Residential	3,656,301,350	3,489,222,878	+ 167,078,472	4.8
Commercial	119,108,300	114,167,842	+ 4,940,458	4.3
Industrial	2,053,700	2,010,500	+ 43,200	2.1
Personal Property	51,799,530	49,526,010	+ 2,273,520	4.6
<b>Total</b>	<b>3,829,262,880</b>	<b>3,654,927,230</b>	<b>+ 174,335,650</b>	<b>4.8</b>

Fiscal 2025 Tax Levy	Description	Amount
<p>The levy limit is increased by any voter approved capital and/or debt exclusions and other special assessments.</p> <p>At both Town &amp; Special Town Meetings held in May 2024 \$0 Overrides were passed successfully at Town Meeting <b>and</b> the Ballot Box.</p> <p>Net New Growth for FY25 is \$202,662, a decrease of (26% or \$70,698) from FY24</p> <p><b>Please Note:</b></p> <p><b>Presentation Estimates Taxing at the Maximum Allowable Levy for FY25 ~\$22M (6.7% higher than FY24 Tax Levy)</b></p> <p><b>This would give us a \$0 Excess Levy Capacity. Prior Excess Levy Capacity was \$668k in FY24 and \$470.00 in FY23.</b></p> <p><b>*=Preliminary as not yet approved by the DOR</b></p>	Fiscal Year 2024 (Prior Year) Levy Limit	\$20,249,933
	Prior Year Levy Limit * 2.5%	\$506,248
	FY25 New Growth	\$202,662
	Approved Overrides-Town Mtgs April 2024	\$0
	Levy Limit Subtotal	\$20,958,843
	Approved Debt Exclusions	\$911,433
	Fiscal 2025 Capital Expenditure Exclusions	\$0
	Fiscal 2025 Cape Cod Commission Assessment-Environ. Fund Protect. Tax	\$99,757
	Fiscal 2025 Maximum Allowable Levy	\$21,970,033*
	FY2025 Preliminary Tax Levy	\$21,970,033*
	FY25 Preliminary Excess Levy Capacity	\$0*
	Fiscal Year 2025 Levy Ceiling	\$95,731,572

## Tax Levy Options

The Tax Rate can be impacted by the Select Board decisions regarding classification and the Residential Exemption options.

1. Adopting a Split Tax Rate

2. Open Space Discount

**1. Classifying the Tax rate or The “Split Tax Rate”** allows for a shift of the tax burden from the residential class of property to the commercial, industrial and personal property classes (CIP).

With our limited Commercial/Industrial base in Truro, splitting the Tax rate is NOT recommended by the Board of Assessors.

**2. Open Space Discount.** Truro does not have any properties classified as open space by the DOR.

The Board of Assessors recommend to NOT vote to grant an Open Space Discount

## Tax Levy Options

### 3. Small Business Commercial Exemption

### 4. Adopting a Residential Exemption

**3. The Small Business Commercial Exemption.** Would reallocate the tax within the Commercial/Industrial Class from smaller companies to larger ones.

With our limited Commercial/Industrial base in Truro, Board of Assessors recommend NOT to grant a Small Business Commercial Exemption.

**4. The Residential Exemption** allows for the exemption of a portion of the residential value for residents who demonstrate that Truro is their primary domicile. It provides a decrease in the taxable value of qualified residences. The amount of the tax levy paid by the Residential Class remains the same, however, due to the exempted valuation, it is distributed over less assessed value, resulting in the entire residential class paying a higher tax rate.

The Board of Assessors recommend TO grant a Residential Tax Exemption.

# Residential Exemption

This option reduces the taxable assessed value for each qualified primary residence. Truro has **694** (as of 9/3/24) qualified properties for FY25 and the result of the adoption would be a higher tax rate for all residential properties.

In FY25 there are 3341 Residential Parcels

Approximately 21% of the Residential parcels receive the Residential Exemption

***NOTE: Not all residents who make Truro their primary domicile elect to apply and receive the exemption.***

- The Select Board can authorize up to a 35% Residential Exemption to Truro residents (FY26 up to 50% per Affordable Homes Act-Seasonal Community Designation)
- The exemption applied is up to 35% of the total **average** residential parcel value
- The property must be the "primary domicile" of the owner as used for income tax purposes
- This option exempts value **only within** the residential class of taxpayers & does not significantly change the levy amount itself or impact Commercial Industrial or Personal (CIP) property owners
- If continued, Truro would be one of **18** communities out of 351 in MA to adopt in FY24-FY25.

NOTE: ^ indicates an increase since last meeting

Community	Percentage
Barnstable	25^
Boston	35
Brookline	20
Cambridge	30
Chelsea	35
Concord	10
Everett	25
Malden	30
Mashpee	5
Nantucket	25
Oak Bluffs	15^
Provincetown	35
Somerville	35
Tisbury	22
Truro	30^
Waltham	35
Watertown	33
Wellfleet	30^

# EXPANDED RENTAL RESIDENTIAL EXEMPTION

Seven (7) Expanded Exemptions Granted FY24 (FY22& FY23-Years 1 & 2-five granted each year)

Passed At Town Meeting in 2019

Approved by the MA Legislature and Signed into Law Feb 2021

Promotes Year-Round Housing Options rather than Short Term Leasing.

This option reduces the taxable assessed value for each qualified primary residence.

- The Expanded Rental Residential Exemption follows the Residential Exemption and will be implemented at the same rate should the Select Board approve the Residential Exemption program annually. If the Select Board does not approve the Residential Program, this Exemption will not exist.
- Owners renting their home on a year-round basis to **tenants** who as of the Jan 1 prior the Fiscal Year have established the parcel as their “Primary Domicile” by ensuring they are on Town’s census list, register their vehicles in Truro, file their taxes at the Truro parcel and provide a copy of the year-round lease covering Jan 1 prior to the Fiscal Year are eligible.
- All exemptions will be in the form of an Abatement amount deducted from the Tax Bill at the same rate as the Residential Exemption.
- Owners must apply annually to receive the Expanded Rental Res Ex.
- An owner may only receive one Residential or Expanded Rental Residential Exemption per parcel.
- As with all Exemptions, Applications are due on April 1, 2025.

# Residential Exemption Calculation

To calculate the exemption, the average assessed value of all residential parcels must first be determined.

The adopted percentage is multiplied by the number of eligible parcels and then the amount is exempted from the Residential Value.

The exemption may not exceed 35% of the average assessed value of all residential properties.

## NOTES:

- ARV is not the same as the Average Single-Family Home Value (\$1,365,979) or Avg Condo Value (\$520,988) for FY25.
- FY25 Median Residential Parcel Value is \$899,000

Total Residential Value FY2025	\$3,656,301,350
Divided by Total Residential Parcels	3341
Average Residential Value (ARV)	<b>\$1,094,373</b>

ARV	\$1,094,373	\$1,094,373	\$1,094,373	\$1,094,373
Exemption %	20%	25%	30%	35%
Exemption Value	\$218,875	\$273,593	\$328,312	\$383,031
Qualified Parcels	694	694	694	694
Residential Value Exempted	\$151,899,250	\$189,873,542	\$227,848,528	\$265,823,514



# Residential Exemption Impact on the Tax Rate

Fiscal Year 2025	Without Residential Exemption	With 20% Residential Exemption	With 25% Residential Exemption	With 30% Residential Exemption	With 35% Residential Exemption
Residential Value	\$3,656,301,350	\$3,656,301,350	\$3,656,301,350	\$3,656,301,350	\$3,656,301,350
Value Exempted		(\$151,899,250)	(\$189,873,542)	(\$227,848,528)	(\$265,823,514)
Net Value Taxed	\$3,656,301,350	\$3,504,402,100	\$3,466,427,808	\$3,428,452,822	\$3,390,477,836
Estimated Tax Rate: <b>Assume \$21M Levy (95.5% Res)</b>	\$5.74*	\$5.99*	\$6.06*	\$6.13*	\$6.19*

FY24 Tax Rate: \$5.63 Commercial / Industrial & Personal Property Classes  
\$5.99 Residential Class including 30% Residential Exemption

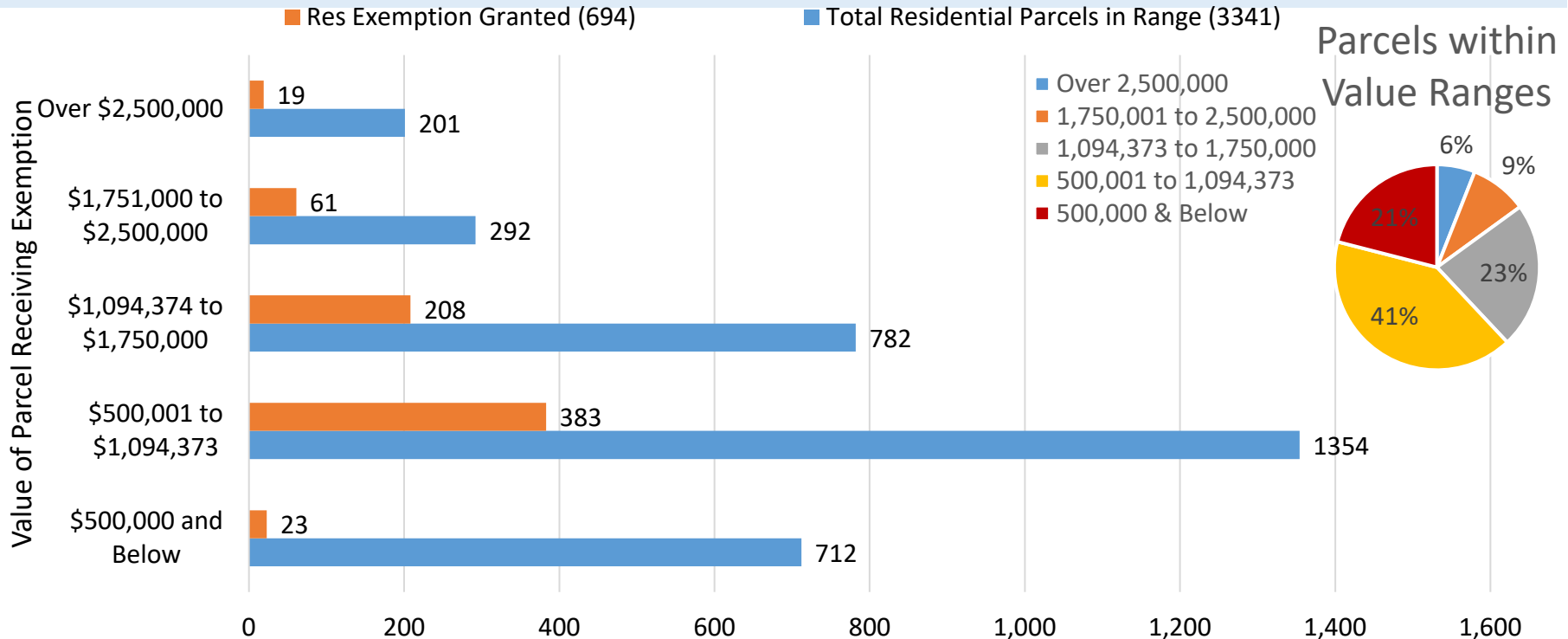
*\*Approximate until DOR approval. Assuming Taxing at Maximum Allowable Levy of ~\$22M*

# Fiscal Year 2025 Residential Exemption Scenarios-Impact on Tax Bills

	WITHOUT RTE		20% RESIDENTIAL EXEMPTION (\$218,875 of Value Exempted from Assessment)				
Property Value	Tax Rate	Tax Amount	New Tax Rate	RTE Tax Bill	RTE SAVINGS	NON-RTE Tax Bill	NON-RTE Tax Bill Increase
500,000	5.74	\$2,870	5.99	\$1,684	-\$1,186	\$2,995	\$125
899,000	5.74	\$5,160	5.99	\$4,074	-\$1,086	\$5,385	\$225
1,094,373	5.74	\$6,282	5.99	\$5,244	-\$1,037	\$6,555	\$274
1,750,000	5.74	\$10,045	5.99	\$9,171	-\$874	\$10,483	\$438
2,500,000	5.74	\$14,350	5.99	\$13,664	-\$686	\$14,975	\$625
	WITHOUT RTE		25% RESIDENTIAL EXEMPTION (\$273,593 of Value Exempted from Assessment)				
Property Value	Tax Rate	Tax Amount	New Tax Rate	RTE Tax Bill	RTE SAVINGS	NON-RTE Tax Bill	NON-RTE Tax Bill Increase
500,000	5.74	\$2,870	6.06	\$1,372	-\$1,498	\$3,030	\$160
899,000	5.74	\$5,160	6.06	\$3,790	-\$1,370	\$5,448	\$288
1,094,373	5.74	\$6,282	6.06	\$4,974	-\$1,308	\$6,632	\$350
1,750,000	5.74	\$10,045	6.06	\$8,947	-\$1,098	\$10,605	\$560
2,500,000	5.74	\$14,350	6.06	\$13,492	-\$858	\$15,150	\$800
	WITHOUT RTE		30% RESIDENTIAL EXEMPTION (\$328,312 of Value Exempted from Assessment)				
Property Value	Tax Rate	Tax Amount	New Tax Rate	RTE Tax Bill	RTE SAVINGS	NON-RTE Tax Bill	NON-RTE Tax Bill Increase
500,000	5.74	\$2,870	6.13	\$1,052	-\$1,818	\$3,065	\$195
899,000	5.74	\$5,160	6.13	\$3,498	-\$1,662	\$5,511	\$351
1,094,373	5.74	\$6,282	6.13	\$4,696	-\$1,586	\$6,709	\$427
1,750,000	5.74	\$10,045	6.13	\$8,715	-\$1,330	\$10,728	\$683
2,500,000	5.74	\$14,350	6.13	\$13,312	-\$1,038	\$15,325	\$975
	WITHOUT RTE		35% RESIDENTIAL EXEMPTION (\$383,031 of Value Exempted from Assessment)				
Property Value	Tax Rate	Tax Amount	New Tax Rate	RTE Tax Bill	RTE SAVINGS	NON-RTE Tax Bill	NON-RTE Tax Bill Increase
500,000	5.74	\$2,870	6.19	\$724	-\$2,146	\$3,095	\$225
899,000	5.74	\$5,160	6.19	\$3,194	-\$1,966	\$5,565	\$405
1,094,373	5.74	\$6,282	6.19	\$4,403	-\$1,878	\$6,774	\$492
1,750,000	5.74	\$10,045	6.19	\$8,462	-\$1,583	\$10,833	\$788
2,500,000	5.74	\$14,350	6.19	\$13,104	-\$1,246	\$15,475	\$1,125

NOTE: Assume Tax @ Maximum Allowable Levy; \$899,000 is the MEDIAN Residential Parcel Value in FY25; \$1,094,373 is the AVERAGE

# FY25 Residential Exemptions to be Granted if Approved & Number of Parcels in Each Value Class



Average Residential Parcel FY25-\$1,094,373

- In FY18 through FY21 the Truro Select Board elected to adopt a 20% Residential Exemption. FY22&FY23=25%; FY24 @ 30%
- If adopted-(as of 9/3/2024) 58.5% of FY25's Residential Exemptions will go to residents at or below the FY25 Avg Res Parcel value in Truro of \$1,094,373.
- Expanded Rental RTE-FY25= 3 Recipients qualified as of 9/3/2024 (not included above. Note: 7 granted in FY24)

9/24/2024

Town of Truro, MA

## Number of Residential Exemptions Granted by FY:

<b>FY18=551</b>	<b>FY19=589</b>
<b>FY20=589</b>	<b>FY21=615</b>
<b>FY22=646</b>	<b>FY23=672</b>
<b>FY24=699</b>	11

# Summary of the Board of Assessors Recommendations

At their meeting on September 3, 2024, the Board of Assessors voted to:

1. Recommend to vote a Residential Factor of “1” – i.e., NOT to split the tax rate which would shift a percent of the Tax Rate from Residential to Commercial.
2. Recommend NOT to grant an Open Space Discount
3. Recommend NOT to grant a Small Business Exemption w/in the commercial class.
4. Recommend TO grant a Residential Exemption at a rate to be determined by the Select Board.