Town of West Tisbury

BOARD OF ASSESSORS
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April 2, 2024

Open Session Meeting Minutes

Members Present: Michael Colaneri (Chair), Maria McFarland and Lawrence Schubert
Members Absent: None
Also Present: MacGregor Anderson (Principal Assessor)

The meeting convened at 4:30 P.M.

All votes were roll call votes due to the remote nature of the meeting.

Minutes 3/7/24 and 3/19/24
The Board voted to approve the minutes of 3/7/24 and 3/19/24: McFarland yes, Schubert yes, Colaneri yes.

Abutters Lists
The Board voted to certify the abutters lists: McFarland yes, Schubert yes, Colaneri yes.

MV Excise Abatements 2024 - $1538.06
The Board voted to approve the abatements: McFarland yes, Schubert yes, Colaneri yes.

Follow up discussion after joint meeting with Select Board on potential tax policy changes including PILOTs, Residential Exemption, and Affordable Rental Exemption
Mr. Colaneri said he felt Mr. Schubert did a great job presenting to the Select Board. He said Mr. Anderson was now preparing numbers for the next joint meeting with the Select Board.

Mr. Anderson said he was using the same information provided during the Classification hearing in November but had edited it some for clarity. He said the slides showed the estimated financial impact of a residential exemption using four exemption amounts of 5%, 10%, 20% and 35% on qualified properties and properties that would not qualify. He said he would also have his spreadsheet available to use during the hearing if the Select Board were interested in seeing the estimated costs of not pre-qualifying properties.

Mr. Schubert said he felt it would be helpful to show how the affordable exemption could support the residential exemption by encouraging affordable rentals. He suggested demonstrating policy financial impacts at the upcoming meeting.

Mr. Colaneri said he agreed that there would be a time in the future when modeling the affordable housing exemption would be important but thought more clarity from the State was needed before taking that on.

Mr. Colaneri said he was concerned about Mr. Anderson providing too much data at once and suggested using ~~just~~ one example of the residential exemption could help with clarity. He said the goal now was to pre-qualify for the residential exemption and that should be the focus. He suggested picking a number in the middle of the 5% to 35% range.

Mr. Anderson said he felt it was important to show a 5% exemption, because starting higher added a lot of risk to the overlay account. He said that unless the pre-qualification effort was extraordinarily successful it was too risky for the Town in the first year.

Mr. Anderson asked to share his screen to show the financial impact tables he hoped to provide the Select Board.

As Mr. Anderson shared the 5% exemption slide, he pointed out that the lower valued qualified properties benefited the most, and that benefit declined. Mr. Schubert noted that the cost to non-qualified properties of the same value appeared to be about half the positive impact on these lower valued homes, which made a compelling argument for the exemption.

Mr. Anderson said this had motivated the Select Board in Oak Bluffs; they recognized that a small $275 reduction could have a major impact on a senior homeowner on a fixed income, and the substantially lower cost to non-qualified property owners would have less of an impact on an investor or second homeowner. Mr. Colaneri felt this was an important point.

Mr. Anderson then showed the 35% maximum exemption slide. He said 20% was most common. Mr. Colaneri suggested using the 5% and the 20% slides.

Ms. McFarland asked about potential disqualifiers for people who live in their homes year-round. Mr. Anderson said that if a home is held in a trust, at least one occupant must be a trustee of the trust. He said properties held in a Limited Liability Company (LLC) also didn't qualify.

Mr. Schubert then asked if the Board of Assessors could pre-qualify without approval from the Select Board. Ms. McFarland pointed out that a pre-qualification effort could help determine levels of interest in the policy.

Mr. Colaneri said he felt they should continue working with the Select Board collaboratively. Mr. Anderson supported the collaborative approach saying the success of a pre-qualification would depend a great deal on Select Board support for the effort, and given the resources required for pre-qualification, a group effort was important.

Mr. Schubert clarified that the Board of Assessors were hoping that in the next few weeks they would gain support for a pre-qualification effort. He said that would help encourage more people to pre-qualify. Mr. Colaneri said he felt that once word got out that there was a pre-qualifying effort underway, he had a hard time imagining people wouldn't sign up.

Ms. McFarland added that pre-qualification would help gauge levels of opposition as well. Mr. Colaneri pointed out that the last article in the paper had a negative comment from a second homeowner domiciled in Boston, where residents receive the maximum exemption allowed under the law.

Ms. McFarland asked Mr. Anderson to reiterate the problem with not pre-qualifying people. Mr. Colaneri responded, saying the entire exemption would come from the overlay. Mr. Anderson said even a small exemption would cost hundreds of thousands of dollars and a larger one could create a million-dollar deficit. He added that the exemption is intended to be funded by an increased residential tax rate which the pre-qualification allows.

Mr. Schubert asked about property owners with a domicile here as well as investment properties. He said those people might not support the policy if the higher taxes on their other properties were greater than the savings on their residence. Mr. Anderson said that was true. He said that while the usual narrative was to treat this as an Island resident's vs second homeowners who lived off Island, there were many local residents with multiple properties. He said in Oak Bluffs there were a number of old established Island families with lots of real estate and many of them were against the change, although others favored it.

Mr. Colaneri said whenever he was asked about it, he suggested they speak to someone on Nantucket and ask them why they are overwhelmingly in support of the exemption they have had for decades.

Mr. Anderson said there was another argument that he hadn't yet brought up yet but should be considered. He said state aid was generally distributed according to a formula that considered both median income, which was relatively low in West Tisbury, and total property values, which were among the highest in the State. He said second homeowners seldom realize that while they may use less services, the inflated real estate market means State funding is directed towards cities and Towns with low incomes and property values, providing very little to towns like West Tisbury. He said this was not small money, and effectively meant the State felt West Tisbury could fund their needs with real estate tax, using the residential exemption to limit the impact on lower earners on the Island, where poor towns and cities could not. Mr. Anderson said indirect impacts like that were an important part of any discussion of the residential exemption.

Mr. Colaneri said if one-looked back twenty or thirty years, before the boom times, funding the Town wasn't such a challenge. He said he felt this was one way to level the playing field. He said they gave huge exemptions to farmers and conservation organizations, which was good, but thought the residential exemption provided a needed break for the people who live here during this huge increase in demand.

Ms. McFarland said some people would argue that nobody needs to live here. Mr. Anderson said there may be truth to that, and when he first started looking at the residential exemption, his instinct was to consider it unfair. But as he learned more, he started to see other arguments that might support it.

Mr. Anderson said taxes are not the same as fees. We don't charge a family with three children in school $90,000 a year for their education. Hardly anyone could afford that. We don't tax people on their use of emergency services. We tax the entire community to provide these services based on need.

Mr. Anderson then said that as soon take a wider perspective and look at all the taxes we pay, of which real estate taxes are the only ones the Town can directly impact, you see changes at the Federal level over recent years that favored wealthy individuals. He said changes to LLC laws and 2017 tax relief made it easier for people to afford second homes and didn't generally benefit locals as much.

Mr. Anderson said as you looked at the bigger picture, and how tax incentives were for primary residences across the country, and how Federal tax policy had encouraged investment property ownership and provided for more discretionary income for high earners, it was only reasonable to give a residential exemption a close look.

Mr. Colaneri said years ago the DOR forced a major increase in values across Town. During a public meeting where taxpayers were extremely upset, the attorney guiding the meeting explained that property tax was a unique form of taxation. The difference was that property tax was not based on the taxpayers ability to pay it, unlike income tax and other common taxes.

Mr. Colaneri reminded the Board that Mr. Anderson had pointed out at a previous meeting that what the Town was really funding was an educational system. Mr. Colaneri said that was where most of the money was going, along with municipal employees. Mr. Anderson agreed, adding that fire and police as well as senior services also accounted for a fair amount of spending.

Mr. Colaneri suggested asking the Select Board to meet on the April 24th for the next joint meeting where Mr. Anderson would provide financial impact information. The Board agreed.

CPR class re-imbursement and time credit for Assistant Assessor / Data Collector

The Board determined that the employee's participation in CPR class would benefit the taxpayers and voted to cover the $90 cost and credit her with the three-hour course time: McFarland yes, Schubert yes, Colaneri yes.

Executive Session
Motion to enter executive session and not to return to open session under Chapter 30 A Section 21 (a) 3, 6 and 7.
The Board will enter executive session to discuss litigation (3), the valuation of property (6), and applications deemed confidential under MGL CH 59 sec 60 (7)
The Board voted to enter executive session and not return to open session: McFarland yes, Schubert yes, Colaneri yes.

The meeting adjourned at 5:15pm

MacGregor Anderson, MAA
Principal Assessor

Approved: 4/16/24