

village view

by Andrea Leonard

If you live in the Town of Barnstable and have been wondering what effect Question 1 on the November 7th ballot will have on your real estate taxes, you may be interested in some of the following information.

Barnstable property can be divided into four classifications, and if Question 1 passes, it will be. Those classifications are residential, commercial, industrial, and vacant property. At the present time, 65 percent of the town's tax revenues comes from taxes on residential property, 12 percent from vacant land, 12 percent from commercial property, 4 percent from industrial, and 7 percent is raised by fees of various kinds.

For simplicity's sake, let's assume you own a residence which is now assessed, at its full and fair market value, for \$50,000. You've recently received a tax bill for approximately \$1200 for the year 1978, half of which you were obliged to pay by November 1st.

Let's also assume you own some commercial property assessed for an equal amount, as well as some industrial land carrying the same assessment, and, in addition, vacant land that's also assessed for \$50,000.

On each of these four different kinds of property your tax bill is identical this year, or a total of \$4,800.

Several years ago, before revaluation and 100 percent assessment, your \$50,000 residence was valued at approximately one-third of its full and fair market value; your taxes, then, were around \$900. Your commercial and industrial property was valued at 100 percent, and your taxes were \$2700 on each property. Your open land was valued at approximately 10 percent of its full and fair market value, and you were paying \$270 a year in taxes, or a total of \$6,570.

Then the state mandated by an amendment to our constitution that all property must be reassessed to 100 percent value; although the law was challenged, the "Sudbury" decision upheld the requirement. The Town of Barnstable, along with about 100 other small towns in the Commonwealth, complied with the law. The remaining 250-odd Massachusetts cities and towns have not yet done so, but they must. There is great resistance to full valuation in those towns where it has not yet been implemented because homeowners, particularly older people and others living on fixed incomes, are the hardest hit by full assessment and taxation. The tax burden that has shifted from commercial and industrial property to residential and open space land amounts to 265 million dollars. These tax dollars were formerly paid by profit-making concerns.

Because the proposed amendment to the state constitution covered by Question 1 on the ballot includes the provision that residential property, although it must still be valued at full and fair market price, will be **taxed** at 40 percent of that value. In addition, an exemption of \$5,000 will be applied to every residential property in the state. Similar adjustments are being made in the other types of property, with industrial to be taxed at 55 percent of its full value, commercial at fifty percent, and open space at 25 percent.

Therefore, homeowners' taxes will go down. Taxes on vacant land will also go down. Taxes on industrial and commercial property will rise. The tax rate will also rise, of course, for if it did not, the town would be incapable of paying its bills and providing public services such as police and fire protection, street cleaning and snowplowing, and highway maintenance. The quality of our schools would be eroded. Barnstable's new tax rate will be in the neighborhood of \$67 per thousand of valuation.

If enough of us vote yes on Question 1, however, the owner of a residence valued at \$50,000 will pay \$1005 instead of the \$1200 he must pay today. Open space valued at \$50,000 will be taxed \$837.50. A commercial business will be taxed \$1,675, and industrial property, \$1,842.50.

What Question 1, if passed, will accomplish is to restore, in part, the more equitable arrangement residents of Massachusetts traditionally enjoyed before 100 percent valuation was mandated.

In looking at another example, we can appreciate what classification will accomplish for the less affluent homeowners in the town of Barnstable. The advantages of classification are magnified by the deduction of the \$5,000 exemption as the assessed valuation of a property decreases.

Take a residence that's valued at \$25,000. Apply the 40 percent taxation formula and you arrive at \$10,000; deduct the \$5,000, leaving \$5,000 of taxable property. Apply the tax rate of \$67 per thousand. The tax on that less valuable home would be \$670.

You can appreciate what this means to owners of small homes, to young people struggling to get established, to the elderly who have worked all their lives so they might retire and live in dignity in their declining years.

High taxes on open land has been a factor in driving many owners to sell to developers. As woodlands are replaced with homes, our taxes continue to increase. A growing population requires more and more public services, services unnecessary for land that lies fallow. Open space gives people, Cape Codders and tourists, alike, the breathing room we need to relieve crowded and congested neighborhoods that breed crime and vandalism.

Will reclassification affect the business climate in Massachusetts? Assuredly, business property taxes will rise; but businesses, like individuals, can deduct property tax assessments from income taxes. This will minimize the effect of the increased property taxes. Additionally, the customers of commercial and industrial enterprises will have a few more dollars in their pockets, and this additional money will stimulate the economy rather than dampen it. Those dollars will be spent, of course.

Public services and schools will continue to be funded, exactly as they have been in the past.

What many people fear will result if Question 1 does not pass is that the millions of homeowners in the state will revolt against the excessive property taxes they are now paying, and that legislation will be enacted to cut vital public services all of us depend upon, that all of us need.

Such a stringent property tax cut as California's Proposition 13 could cripple our state; unlike California, Massachusetts has no billions of surplus funds in its coffers. Continuing to work for economies in government at all levels is just as important as it ever was, but a sudden decrease in the quantity of dollars available to the various departments of our government that provide necessary services to preserve peace, order and safety would be a disaster.

Continuing the present practice of confiscatory taxation of residential property would also be a disaster for hundreds of thousands of small-home owners. Older people on fixed incomes are being forced to sell their homes and move into public housing for the elderly; they thereby become a public expense. If we vote to provide them with property tax relief through classification, they can remain independent and continue to help support the economy rather than become a burden on their fellow citizens.

Young people attempting to establish their own homes, to raise their children in the same type of single-family residence they themselves grew up in, find it next to impossible to meet mortgage payments, the expense of high mortgage interests, the increasing utilities bills, and the property taxes now being imposed on homeowners.

Property tax relief for homeowners will relieve the cruel pinch of inflation, improve cash flow to all kinds of industrial and commercial enterprises, and help protect open space on Cape Cod.

By supporting classification and voting yes on Question 1, we, the voters, can help change the climate of this grand old state, so often called "Taxachusetts". Let's do it now while the opportunity is within our reach.