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September 20, 2018

To: The Truro Selectboard

Re: Views and Comments | Tax Issues | Respondents to TPRTA Survey 2018

TPRTA conducted a survey of part-timer resident taxpayers on issues of interest and concern currently, including several questions concerning Truro's tax policies and public processes as they affect the majority residential property owners in Truro, part-time resident taxpayers.

Responses reflect the views of 532 part-time resident taxpayers to a survey conducted via Survey Monkey between September 10-17 and reflect all responses to tax-related questions as of September 17, 2018 when the survey was closed. Responses to individual survey questions follow the summary provided below.

Main Conclusions

- The TPRTA conducted a survey Sept. 10-17, 2018 and received responses covering 532 part-time residents
- Almost 87% of respondents agreed or strongly agreed with the statement that "The Selectboard should rescind the 5C RTE for FY 2019."
- Over 96% of respondents also agreed or strongly agreed that the BOS should "explain the justification for the 5C RTE to the entire community, including to full-time residents."
- Over 93% of respondents agreed or strongly agreed that the BOS should publicize and apply alternative residential tax exemptions based on need.
- A stunning 98% of respondents agreed or strongly agreed that the BOS should "complete an evaluation of the impact and effect of the 5C RTE before July 1, 2019 and issue findings before the 2019 tax classification hearing."
- Nearly 94% of respondents agreed or strongly agreed to direct the TPRTA to seek "a change in MA law that would bar towns relying solely or predominantly on property taxes" from adopting a 5C RTE.
- Respondents also strongly directed TPRTA (94% agreed or strongly agreed) to "seek legislative change to permit part-time resident taxpayers in MA the right to vote on matters related to taxation, budget, and finance."

Background

Because the Truro Selectboard will make decisions on tax-related issues of great importance to and impact on part-time resident taxpayers at the Tax Classification Hearing scheduled for Sept 25, 2018 [after many part-timers will have left the Cape], the TPRTA board conducted an online survey of part-time resident taxpayers to provide their views to the Selectboard in hope that it will inform their decisions.

TPRTA publicly notified part-time resident taxpayers of this survey on September 10 and the

survey closed one week later, on September 17, 2018. During that single week responses representing 532 persons were received.¹ The survey responses indicated respondents' strong preferences on a topic to be decided at the tax classification hearing. A table of these questions and results is at the end of this document.

The 5C RTE

In August 2017 the Truro Selectboard voted to adopt a 5C Residential Tax Exemption (5C RTE) to benefit homeowners certified as full-time Truro residents. This RTE is one of many RTEs available under MGL Ch 59. It is the only RTE in this law that

- directly shifts the tax reduction from full-timers onto part time resident taxpayers, effectively having part-time residents pay a portion of the tax obligations of full time resident directly
- is not needs-based
- generates no revenue for the Town (in revenue-neutral)
- generates no state subsidy for the Town

This 5C RTE reduced the assessed values of the 553 full-time residents granted the exemption last year by \$122,494 per property (20% of Truro's average assessed home value). Part-time residents received no exemption. On September 25 the Selectboard will vote on whether to continue this exemption for the FY2019 tax year and whether to increase it, possibly as high as the 35% legal maximum.

- Almost 87% of respondents agreed or strongly agreed with the statement that "The Selectboard should rescind the 5C RTE for FY 2019." (Question 4) This indicates that opposition to the 5C RTE remains very strong one year after its first adoption.
- Over 96% of respondents also agreed or strongly agreed that the BOS should "explain the justification for the 5C RTE to the entire community, including to full-time residents" (Question 5) as requested by the Selectboard's own Part-time Residents' Advisory Committee. This may reflect confusion over the variety of reasons given for adopting the 5C RTE, which have shifted over time.
- Over 93% of respondents agreed or strongly agreed that the BOS should publicize alternative residential tax exemptions based on need (Question 6), undoubtedly because need was a main justification offered for adopting the 5C RTE in 2017 though some Selectmen now disavow this rationale.
- And a stunning 98% of respondents agreed or strongly agreed that the BOS should "complete an evaluation of the impact and effect of the 5C RTE before July 1, 2019 and issue findings before the 2019 tax classification hearing." (Question 7) Clearly, such an evaluation would have to address whether the Selectboard's justifications were valid, and whether the 5C RTE achieved anything more than transferring resources from part-time to full-time residents.

¹ According to the American Community Survey for the period 2012-2016 Truro had 2,404 seasonal housing units. This comports closely with a town handout distributed at the August 2017 BOS meeting which showed 2,394 residential parcels ineligible for the 5C residential tax exemption. However, that number included rental properties and undeveloped land. Some seasonal units are also completely unoccupied. Thus, the number of part-time owner-occupant households in Truro is likely closer to 2,000 than 2,400.

Part-Time Residents Recommended Action Items

Regarding the unabated and strong opposition of part-time resident taxpayers to the RTE in FY2019 to the 5C RTE,

- Nearly 94% of respondents agreed or strongly agreed to direct the TPRTA to seek “a change in MA law that would bar towns relying solely or predominantly on property taxes” (as Truro does) from adopting a 5C RTE. (Question 8) Residential tax exemptions for owner occupants elsewhere in Massachusetts generally have significant commercial property and other public revenue sources, unlike Truro.
- Respondents also strongly directed TPRTA (94% agreed or strongly agreed) to “seek legislative change to permit part-time resident taxpayers in MA the right to vote on matters related to taxation, budget, and finance” as is the case in Connecticut. (Question 9)
- Respondents also reflect strongly held views that the Selectboard should inform the entire community on its rationale for and the effect of the RTE on the community - including financial, civic and social impacts, among others – resulting from the adoption of the 5C RTE
- Finally, part-time resident taxpayers call for the Selectboard to vote to rescind the 5C RTE this year.

Survey Questions and Responses

Q4:

The Selectboard should rescind the 5-C RTE for FY 2019.

STRONGLY AGREE	SOMEWHAT AGREE	NO OPINION/DO NOT KNOW	SOMEWHAT DISAGREE	STRONGLY DISAGREE
77.41% 185	9.21% 22	4.18% 10	5.86% 14	3.35% 8

Q5

The Selectboard should adequately explain the justification for this 5-C RTE to the entire community, including to FULL-TIME residents.

STRONGLY AGREE	SOMEWHAT AGREE	NO OPINION/DO NOT KNOW	SOMEWHAT DISAGREE	STRONGLY DISAGREE
92.44% 220	3.78% 9	2.52% 6	1.26% 3	0.00% 0

Q6

The Selectboard should publicize and provide community outreach to encourage use of needs-based alternative tax exemptions such as those proposed by TPRTA in 2017.

STRONGLY AGREE	SOMEWHAT AGREE	NO OPINION/DO NOT KNOW	SOMEWHAT DISAGREE	STRONGLY DISAGREE
84.87% 202	8.40% 20	5.88% 14	0.84% 2	0.00% 0

Q7

The Selectboard should publicly commit to complete an evaluation of the impact and effect of the 5-C RTE before July 1, 2019 and issue findings before the 2019 Tax Classification Hearing.

STRONGLY AGREE	SOMEWHAT AGREE	NO OPINION/DO NOT KNOW	SOMEWHAT DISAGREE	STRONGLY DISAGREE
91.56% 217	6.33% 15	1.69% 4	0.00% 0	0.42% 1

Q8

TPRTA should join with other groups that seek a change in MA State law to bar Towns relying solely or predominantly on property taxes from adopting the 5-C RTE.

STRONGLY AGREE	SOMEWHAT AGREE	NO OPINION/DO NOT KNOW	SOMEWHAT DISAGREE	STRONGLY DISAGREE
71.19% 168	15.68% 37	8.90% 21	2.97% 7	1.27% 3

Q9

TPRTA should join with other groups to seek legislative change to permit part-time resident taxpayers in MA the right to vote on matters related to taxation, budget, and finance.

STRONGLY AGREE	SOMEWHAT AGREE	NO OPINION/DO NOT KNOW	SOMEWHAT DISAGREE	STRONGLY DISAGREE
82.77% 197	10.92% 26	2.10% 5	1.68% 4	2.52% 6

Q10

TPRTA should conduct a campaign to encourage eligible part-timers to register to vote in Truro.

STRONGLY AGREE	SOMEWHAT AGREE	NO OPINION/DO NOT KNOW	SOMEWHAT DISAGREE	STRONGLY DISAGREE
58.40% 139	27.73% 66	10.08% 24	2.10% 5	1.68% 4

We thank you for your consideration of these views and for placing this report in the public record of the September 25, 2018 meeting on the FY 2019 Tax Classification Hearing and Selectboard Minutes for this meeting.

Sincerely,

The TPRTA Board of Directors