**Residential Exemption Committee - Living Document**

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March 2018 meeting volunteers signed up to review major areas. At next meeting, March 16, 2018: “Mechanics - mathematical” and “Mechanics - legal” will be presented.

March 30, 2018: Benchmarking and Societal Impacts will be presented.

**Report - Task List Strawman**

Possible objectives of policy

* Briefly enumerate all possible objectives which adopting the residential exemption could have.

Glossary

* Prepare glossary of all terms

Benchmarking residential exemption

* Enumerate municipalities which have policy and contact in asssessors office at each town and the year in which the threshold was first implemented per municipality.
* Enumerate the thresholds set by each town (0-35%) and when possible trace its history.
* Collect any reports from towns which have had a residential exemption and distribute those to members of this committee (digitally).
* Relate the % threshold set for each town to its dollar value
* Inquire as to any driving considerations which are used in these towns to set the thresholds annually.
* Which municipalities discontinued use of the residential exemption and why?
* Are there ways in which non-residents attempt to game this exemption and what are done to stop those methods?
* Document # of municipalities using each alternative tax mitigation system

Mechanics - mathematical

* Calculation of break-even point
* Looking backward, how would the break-even point have moved over time in relation to average home value, median home value, average single family home value
* Does raising the residential tax rate due to a residential exemption in turn impact the commercial and industrial maximum rates available to the town?

Mechanics - legal

* Review and document rules for multi-family dwellings
* Review and document rules for rental properties
* Review and document rules for apartments
* Review and document rules for various types of trusts
* Review and document rules for unoccupied property
* Identify how non-owner occupied dwellings are treated under municipal tax law even if this policy is not adopted (i.e. personal property taxes for non-owner occupied dwellings)
* Are car excise taxes tied to residency status?
* How would condominiums be impacted?
* How would moderate income housing be impacted?
* mechanics of home ownership change - what happens to exemption for owner during second half of year.
* transparency to taxpayers for % impact of res exemption on them

Leases and Agreements

* How do typical private leases reflect property tax increases?
* How do the apartment leases reflect property tax increases? (Mention of net-net in Oct 2017 report)

Mechanics - Practical

* How would assessor determine residency? What evidence would be required?
  + What are practices other municipalities are following?
* Estimate the implementation cost in man-hours and associated financial cost for the residential exemption. Which departments and committees are impacted and to what extent?

Societal Impacts

* Perception of Lexington’s Taxes - will higher rates with a residential exemption impact home prices or other percpetions. (Real Estate agents as source of data?)
* Local understanding of tax rates -- what % of people understand residential exemption explanations, and does fidelity of understanding matter materially?
* Development impact for purchases and developers. Develop the argument from the Oct 2017 report with more supporting detail
* Estimating the impact of residential tax exemption on delaying sale of homes? What is the expected impact and why?
* Estimate the impact on aggregate tax bill if sale of homes were delayed according to the above model?
* What data exists on income or wealth thresholds at which people begin to have difficulty paying (Lexington) property taxes?
* Survey of households in Lexington - sentiment analysis

Lexington Specific Impact if Had Been Implemented for FY2018.

* Estimate of % owner occupied
* Is there historical trend data on % owner occupied?
* Degree of reliability for owner occupied
* Report on frequency of ownership structure for Lexington housing
* Provide matrices showing the impact of various %s of owner occupied housing v. % exemption and the impact. Perhaps separate matrices for different scenarios?
* Large properties - i.e. apartments
  + Provide information on equivalent rate per unit if these $ were passed through
  + Take into account that some # residents have section 8 vouchers and recalculate as if the entire increase were passed through to those who could absorb it
* Show information on Lexington housing divided into apartment and non-apartment. Both equalized valuation and # of residents in each class. (Presuming we don’t have information on income.)
* Document number of residents taking advantage of existing alternative tax mitigation systems in Lexington
* Correlate age of residence and value of property held (for units with data)
* What data do we have on snow-birders declared residence?
* Number of medicaid trusts known to be in place, and proportion of trusts.
* How would new tax laws have impacted this
* Seniors living in apartments
* Trends in owner occupied rates - if there’s data

Information On a Ongoing Basis

* Recommended level of communication (details)
* Information available to brokers & buyers
* Pull together recommendations from all the parts of the report

Alternative Tax Mitigation Systems

* Enumerate the alternative tax mitigation systems available in Lexington
* Document the extent of use of alternative tax mitigation systems in Lexington

Fairness Arguments

* Enumerate the various arguments which can be made indicating whether a residental exemption would be more or less fair than the current system. (Among these consider the ‘burden sharing’ argument about apartments v. homes.)
* Compare the various systems for tax mitigation in terms of fairness