



Why the residential exemption makes sense

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Last week the Wellfleet Select Board voted for the first time to adopt a 20-percent residential tax exemption, or RTE, allowing homeowners to apply for a tax reduction on their primary residence. Provincetown last month increased its exemption from 20 to 25 percent. On Tuesday, the Truro selectmen will decide whether to maintain the 20-percent exemption they adopted last year for the first time.

One argument made against the RTE is that the reduction in taxes doesn't necessarily go to the people who need it. To qualify for the exemption, you must show that you actually live here — using evidence like tax returns, voting records and drivers' licenses. Income is not considered (because state law does not permit that).

Some year-round residents of our towns are wealthy. And some owners of second homes here are not. As Wellfleet Selectman Helen Miranda Wilson noted, "Saying that just because someone has a second home they have more money is not necessarily true."

Regan McCarthy, past president of the Truro Part-time Resident Taxpayers' Association, said this week that "there is no evidence that the RTE serves the stated purpose of sustaining a year-round community. It surely is a tax giveaway to those who do not need tax relief."

The RTE surely benefits some people who don't need help, but it's not true that there is "no evidence" of its effectiveness. The Truro assessor's staff estimated that there were 834 households that were eligible to apply for the RTE in fiscal 2018. Just two-thirds of those residents — 551 — actually applied for and received the exemption. Of that number, 63 percent lived in homes valued below the average residential assessment in Truro. In other words, a significant number of Truro residents chose not to apply for the exemption last year, and those people tended to live in the more highly valued properties.

Statistics from the Cape Cod Commission offer more evidence of the logic behind the RTE. During the five-year period ending in 2016, only 27 percent of the approved mortgages in Truro were for year-round homes. The median income of those mortgage applicants was \$93,000. The median income of the applicants for second-home mortgages was \$234,000. This means that families seeking to buy a house for year-round use are

competing with out-of-town buyers who, on the average, make two and a half times as much money. Cape Cod Commission figures for Provincetown and Wellfleet tell much the same story.

Wellfleet Selectman Justina Carlson noted that even a \$600 or \$700 reduction in property taxes would make it a little easier for year-round residents to secure mortgages. “It’s a meaningful policy to strengthen our local community,” she said.

Wellfleet’s Sheila Lyons, in arguing for the RTE at last week’s meeting, said, “I don’t like the conversation that this pits us against each other. I’m not going to ask for the exemption, and I can name others who will not ask for it.”

Estimates prepared by Town Administrator Dan Hoort showed that the fewer the number of residents who apply for the exemption, the greater the benefit to those who do. That may be the best way to show nonresidents good faith — and to make the RTE accomplish its worthy aim.