**Residential Exemption**

To qualify for a Residential Exemption, a property must be, on January 1, the owner occupied, primary residence used by the taxpayer for income tax purposes.

**M.G.L. Chapter 59 Section 5C**

With respect to each parcel of real property classified as Class One, residential, in each city or town certified by the commissioner to be assessing all property at its full and fair cash valuation, and at the option of the Board of Selectmen or Mayor, with the approval of the City Council, as the case may be, there shall be an exemption equal to not more than 35 per cent of the average assessed value of all Class One, residential, parcels within such city or town; provided, however, that such an exemption shall be applied only to the principal residence of a taxpayer as used by the taxpayer for income tax purposes. This exemption shall be in addition to any exemptions allowable under section five; provided, however, that in no instance shall the taxable valuation of such property after all applicable exemptions be reduced below ten per cent of its full and fair cash valuation, except through the applicability of clause Eighteenth of section five. Where, under the provisions of section five, the exemption is based upon an amount of tax rather than on valuation, the reduction of taxable valuation for purposes of the preceding sentence shall be computed by dividing the said amount of tax by the residential class tax rate of the city or town and multiplying the result by one thousand dollars. For purposes of this paragraph, “parcel” shall mean a unit of real property as defined by the assessors in accordance with the deed for such property and shall include a condominium unit.

The Residential Exemption is employed to alleviate the tax burden for lower valued, owner-occupied properties and shift to higher valued and rental properties in a community. The Residential Exemption burden shift operates within the residential class ONLY and provides no relief to the commercial tax base.

The burden on a residential exemption is shifted to the other residential property owners. There is a slight misconception that the Residential Exemption hits non-resident and rental properties exclusively. The reality of a Residential Exemption is that it shifts the tax burden to other residents in the community.

The burden of the Residential Exemption is shifted upward to higher valued property owners. In addition the tax rate increases.

The following chart demonstrates the impact the Residential Exemption would have on our community.
*This chart is adopted from the Department of Revenue’s Residential Exemption Calculator*

Based on an estimated 70% owner occupied. This is a fair representation for Rockport.

Based on approximate calculations and not an exact accounting. This is a fair representation of where the split would occur.

As you can see, owners of properties with values above $959,224.06 would start to shoulder the burden of the taxes within the residential tax base.

Please note these numbers will change every Fiscal Year based on Assessed Values.