

# Town of Chilmark

**Analysis of potential revenue from the newly amended Room Occupancy Excise Tax with 3% of the Local Option allocated to the new Martha's Vineyard Housing Bank (State 5.7% is separate)**

The analysis demonstrates:

4. Potential total revenue from the now expanded tax (column A)
5. 3% dedicated to the Housing Bank (Column B)
6. Net impact to the town's General Fund at the town's current excise tax rate of 4% (Columns C & D)

A second analysis shows the net impact to the town's General Fund by increasing the Room Occupancy Excise Tax rate to the maximum of 6%.

The analysis and these estimates are informed by a 2014 study contracted by the Island Housing Trust and 2016/17 data from the MVC and the Towns' Housing Production Plan.

The assumptions in the analysis are as follows:

Of the town's 313\* Seasonal Units:

- 25% of Seasonal Units are rented for 10 weeks (summer) at an average rent of \$5,000/week
- 10% of Seasonal Units are rented for 10 weeks (shoulder/off-season) at an average rent of \$2,500/week

It is important to note that the estimated rental units do not include the significant following categories of short-term rentals which, when included will add to the revenue:

- Guest Houses,
- Accessory apartments,
- Individual rooms in homes (AirBnB),
- year-round homes rented in-season,

\* Source: MVC using 2016/17 Housing Production Plan data. As there is no registry, it is impossible to accurately know the true number of units.

Chilmark Analysis @ current rate of 4 %							
	Current Revenue FY18 (Hotels, B&B only)		Estimated New Rooms Tax Revenue	(A) (A) Estimated Total Tax Revenue	(B) (B) 3% Portion to Housing Bank	(C) (C) Net to General Fund	(D) (D) Change to Gen. Fund
%							
4%	\$ 53,716		\$ 739,000	\$ 792,716	\$594,537	\$ 198,179	\$ 144,463
Analysis @ Max rate of 6%							
6%	\$ 80,574	*	\$ 1,108,500	\$ 1,189,074	\$594,537	\$ 594,537	\$ 540,821
	* "Current Revenue" is assumed based on higher %						

## TOTAL IMPACT: Short Term Rental Tax + Current Rooms Occupancy Tax

Short Term Rental Tax <b>Estimates</b>							Analysis @ current rate						
Town	# Seasonal Units *	Total # STR Units **	Total Gross STR Income **	Housing Bank Add-on ***	Estimated HB Tax Revenue from STR Units		%	Current Revenue FY18 (Hotels, B&B only)	Estimated New Rooms Tax Revenue	(A) Estimated Total Tax Revenue	(B) 3% Portion to Housing Bank	(C) Net to General Fund	(D) Change to Gen. Fund
Aquinnah	313	109	\$ 4,675,000	3%	\$ 140,250	Aquinnah	4%	\$ 10,658	187,000	197,658	\$ 148,244	\$ 49,415	\$ 38,757
Chilmark	1,233	431	\$ 18,475,000	3%	\$ 554,250	Chilmark	4%	\$ 53,716	739,000	792,716	\$ 594,537	\$ 198,179	\$ 144,463
Edgartown	3,544	1,240	\$ 53,150,000	3%	\$ 1,594,500	Edgartown	4%	\$ 980,507	2,126,000	3,106,507	\$ 2,329,880	\$ 776,627	\$ (203,880)
Oak Bluffs	2,632	921	\$ 25,000,000	3%	\$ 750,000	Oak Bluffs	6%	\$ 577,436	1,500,000	2,077,436	\$ 1,038,718	\$ 1,038,718	\$ 461,282
Tisbury	1,520	532	\$ 22,800,000	3%	\$ 684,000	Tisbury	6%	\$ 346,687	1,368,000	1,714,687	\$ 857,344	\$ 857,344	\$ 510,657
W. Tisbury	1,379	483	\$ 20,700,000	3%	\$ 621,000	W. Tisbury	0%	\$ -	-	-			
<b>Total</b>		<b>3,716</b>	<b>\$ 144,800,000</b>		<b>\$ 4,344,000</b>			\$ 1,969,004	<b>\$ 5,920,000</b>	\$ 7,889,004	\$ 4,968,722	\$ 2,920,282	\$ 951,278
* Source: MVC using 2016/17 Housing Production Plan data. As there is no registry, it is impossible to accurately know the true number of units.							<b>NOTE:</b> Shortfall in Edgartown can be made up by increasing the current 4% tax by as little as 0.4%						
** per breakdown above							<b>Analysis @ Max rate of 6%</b>						
*** See narrative							%	Hotels, B&B: New FY, Adjusted Rate	Estimated New Rooms Tax Revenue	(A) Estimated Total Tax Revenue	(B) 3% Portion to Housing Bank	(C) Net to General Fund	(D) Change to Gen. Fund
<b>(Island - wide) Assumptions</b>						Aquinnah	6%	\$ 15,987	\$ 280,500	296,487	\$ 148,244	\$ 148,244	\$ 137,586
<b>HB %</b>	<b>% of seasonal</b>	<b>Season</b>	<b>Weeks rented</b>	<b>Avg. rent/Wk.</b>		Chilmark	6%	\$ 80,574	\$ 1,108,500	1,189,074	\$ 594,537	\$ 594,537	\$ 540,821
<b>3.00%</b>	25%	Summer	10	\$5,000		Edgartown	6%	\$ 1,470,761	\$ 3,189,000	4,659,761	\$ 2,329,880	\$ 2,329,880	\$ 1,349,373
	10%	Shoulder	10	\$2,500		Oak Bluffs	6%	\$ 577,436	\$ 1,500,000	2,077,436	\$ 1,038,718	\$ 1,038,718	\$ 461,282
(AirBnB), year-round homes rented in-season, weekend rentals outside shoulder season						Tisbury	6%	\$ 346,687	\$ 1,368,000	1,714,687	\$ 857,344	\$ 857,344	\$ 510,657
						W. Tisbury	6%		\$ 1,242,000	1,242,000	\$ 621,000	\$ 621,000	\$ 621,000
								\$ 2,491,445	<b>\$8,688,000</b>	\$11,179,445	\$ 5,589,722	\$ 5,589,722	\$ 3,620,718