

# Property Tax Exemptions

PROGRAM	Senior & Veterans Work Off	Deferral 41A	Temporary Deferral 18A	Elderly 17E	Elderly 41D	Blind 37A	MA Income Tax Circuit Breaker
Eligible Age	Seniors: 60 Veterans: none	60	None	70	65	None	65
Income Limit	None	Single \$57,000 Married \$86,000	Financial hardship	None	Single \$21,807. Married \$32,708. excluding some SS	None	Single \$57,000 Married \$86,000
Asset Limit	None	None	Financial hardship	\$42,756. excluding domicile	Single \$43,611. Married \$59,965. excluding domicile	None	Domicile \$747,000
Assistance	Up to \$1,500	Total Bill (but not CPA tax)	Total Bill (but not CPA tax)	\$627	\$2,000	\$1,000	For 2018, tax credit of up to \$1,080*
Inflation Adjustment	None	None	None	Annual CPI	None	None	Annual Adjustment
Apply	Annually	Annually	Annually (for 3 years only)	Annually	Annually	Annually	Annually
Deadline	Call Council on Aging 781-259-8811	Within 3 months after tax bill	Within 3 months after tax bill	Within 3 months after tax bill	Within 3 months after tax bill	Within 3 months after tax bill	File State Tax Form and Sch CB – can file for past 3 years

\*Circuit Breaker Tax Credit = (RE tax + 50% water bill) – (10% qualified income)

# Veterans Exemptions

Clause	Type	Amount *	Veteran	Spouse	Surviving Spouse	Surviving Parent
22	Veterans with minimum 10% war service disability	\$800	X	X	Until remarriage	
22	Veterans awarded Purple Hearts	\$800	X	X	Until remarriage	
22	Gold Star parents	\$800				X
22A	Veteran who lost one hand, foot or eye; or received a Congressional Medal of Honor, Distinguished Service Cross, Navy Cross, or Air Force Cross	\$1,500	X	X	X	
22B	Veterans who lost two hands or feet, or both eyes	\$2,500	X	X	X	
22C	Veteran with 100% disability and specially adapted housing	\$3,000	X	X	X	
22D	Surviving spouses of veterans killed in a combat zone	Total for 5 years, then \$2,500			X	
22E	Veterans with 100% disability	\$2,000	X		X	
8A	Paraplegic veterans	Total	X		X	

Veterans are also eligible for the Property Tax Work Off program



# HOMEOWNERS

## You May Qualify for Important Property Tax Relief Programs



**The following property programs are offered annually. Most applications must be filed with the Board of Assessors within 3 months after the fall tax bill is issued.**

**For 2018, this will be December 31, 2018. Forms are posted on the Town website ([www.lincolntown.org](http://www.lincolntown.org)) each July and then removed once the deadline has passed.**

**For more information please contact:**

**Assessor's Office at 781-259-2611, [assessor@lincolntown.org](mailto:assessor@lincolntown.org)**

**Council on Aging at 781-259-8811, [bottumc@lincolntown.org](mailto:bottumc@lincolntown.org)**

### **Community Preservation Act (CPA) Tax Exemption**

This is an exemption from the CPA tax for property owned and occupied as a domicile by:

- **Anyone of any age who would qualify for low income housing**
- **Anyone 60 or over who would qualify for low or moderate income housing.**

The application can be found at: <https://www.mass.gov/files/documents/2016/11/uu/cp4-application.pdf>

The size of the exemption would be \$378 for a property with an assessed value of \$998,400 which is the median assessed value of a single-family house in Lincoln for FY2019. The low and moderate income limits are set each year by the Department of Housing and Urban Development and vary by town and family size. They can be found at [http://www.communitypreservation.org/content/income\\_limits](http://www.communitypreservation.org/content/income_limits).

### **Property Tax Deferral Program 41A**

This is a program which allows **homeowners aged 60 and over**, to be considered for a deferral of property taxes. There are income limits that change each year, currently Single \$57,000, or Married \$86,000 - and each application must be approved annually by the Board of Assessors. Please note that the annual CPA tax is not included in the deferral. All applications must have supporting financial documentation such as tax returns, bank statements, and proof of ownership. This documentation will remain private and will not become a public record. Also important to note is that the deferred taxes accrue interest at a rate of 4% per year and that the deferred taxes must be paid when the property is conveyed or the homeowner passes away. You may only defer taxes up to 50% of your home's assessed value. If you have a mortgage, the bank will need to sign off on your deferral application before the Board of Assessor's review. Upon approval, the homeowner must enter into a written tax deferral and recovery agreement which will then be recorded as lien at the Registry of Deeds. There is a \$75.00 filing fee associated with this recording.

### **Temporary Hardship Deferral 18A**

**There are no age requirements for this program.** It is only applicable for 3 years and each application must be approved annually by the Board of Assessors. This is a deferral for people experiencing financial hardship and the application must be accompanied by supporting financial

documentation. This documentation will remain private and will not become a public record. This program is intended only as a temporary aid, and deferred taxes accrue interest at a rate of 4% interest per year. If you have a mortgage, the bank will need to sign off on your deferral application before the Board of Assessor's review. Upon approval, the homeowner must enter into a written tax deferral and recovery agreement which will then be recorded as lien at the Registry of Deeds. There is a \$75.00 filing fee associated with this recording.

### **Property Tax Exemption Elderly 17E**

This is an exemption for **homeowners aged 70 and over**. The current *asset* limit is \$42,756, which does not include the domicile. The assistance is \$627 per year. Financial documentation must accompany each application.

### **Property Tax Exemption Elderly 41D**

This program is for **homeowners aged 65 and older**. The current *income* limit is Single \$21,807 and Married \$32,708, excluding some Social Security. The *asset* limit is Single \$43,611 and Married \$59,965 excluding domicile. The assistance is \$2,000 per year. Financial documentation must accompany each application.

### **Property Tax Exemption Blind 37A**

This program is for **homeowners who have documentation of legal blindness**. The assistance is \$1,000 per year.

### **MA Senior Circuit Breaker Tax Credit**

This is a program issued through the Commonwealth (not the Town) and is for **homeowners and renters aged 65 and over**. You must file a Massachusetts personal income tax return. The income limits currently are Single \$57,000 and Married \$86,000. Additionally, the assessed value of your property must not exceed \$747,000. If you are a homeowner, your Massachusetts property tax payments, together with half of your water and sewer expense, must exceed 10% of your total Massachusetts income for the tax year. The Circuit Breaker tax credit is based on the actual real estate taxes paid on the Massachusetts property you own and occupy as your principal residence. If you are eligible for the Circuit Breaker credit, complete schedule CB with your Massachusetts state income tax return. Note: There is a tutorial on this program at <https://www.mass.gov/service-details/senior-circuit-breaker-tax-credit>.

### **Senior Work-Off Program**

This is a program that places **homeowners aged 60 and older** with jobs within the Town of Lincoln in order to lessen their tax payments. Eligible residents may work in jobs for the current minimum wage up to the maximum benefit of \$1,500 per year. You must be a Lincoln resident and also be the owner of the taxed property. Please note, there is often a waiting list for tax work-off programs. To sign up please call Carolyn Bottum at the Council on Aging at 781-259-8811.

### **Veteran's Work-Off Program**

The Veterans Tax Work-Off program allows **veterans of any age** to work for the current minimum wage up to the maximum benefit of \$1,000 per year. You must be a Lincoln resident and also be the owner of the taxed property. To sign up please call Carolyn Bottum at the Council on Aging at 781-259-8811.

## Exploring an Expansion of the Circuit Breaker Means-Tested Senior Property Tax-Reduction Program

**Context:** The Town is looking to make substantial capital investments in its school and community facilities within the next several years. Both the Lincoln School project, which will be voted on in December, and a Community Center project, which could be voted on within the next 5 or so years, are projects which have been years in the planning and are important to the life and health of the Town.

Recognizing that capital projects such as these have a significant tax impact on residents, the Board of Selectmen asked a small working group to take a look at programs that other towns, including our neighbor Sudbury, have chosen to offer to help our most financially-vulnerable senior homeowners.

The working group is comprised of Tim Higgins, Town Administrator; Jennifer Glass, Selectman; Gina Halsted, Finance Committee; and Carolyn Bottum, Director, Council on Aging.

### ***What is the Current MA Circuit Breaker Program?***

The Circuit Breaker program is targeted to assist low to moderate income, full or part-year Massachusetts residents over the age of 65. It currently offers a rebate of up to \$1080 on state taxes for both homeowners and renters who meet certain financial criteria. According to tax counselors who help residents with the program through the Council on Aging's Tax Aide program, of about 15 people they served who were eligible for the state tax credit, 10 were renters. A summary of the eligibility requirements can be found at <https://www.mass.gov/service-details/senior-circuit-breaker-tax-credit>.

### ***What is the Additional Program Lincoln is Exploring?***

Towns such as Sudbury and Wayland have built on the Circuit Breaker program by creating programs that provide additional property tax relief. Wayland will match the rebate received by residents who have filed for the Circuit Breaker program.<sup>1</sup>

Sudbury's program, which was approved in 2014 after a 2-year process, goes further than the Wayland match, and aims to ensure that those seniors who *are eligible under the state Circuit Breaker program* pay no more than 10% of their income on property taxes. In addition to being eligible under the state program, seniors must meet several other requirements:

1. The applicants must be the homeowners. In the case where a property is held in trust, the applicant must demonstrate legal and financial interest in the property. The legal interest requirement is satisfied if the applicant is a trustee. Financial interest is satisfied if they have sufficient beneficial interest in the trust.
2. There is an additional verification process to determine both the applicant's income and assets.
3. The homeowner must have lived in Sudbury at least 10 years.
4. The property may be worth no more than *10% above the average town property value*.

The program is paid for by a shift of the tax burden whereby all taxpayers "accept a small increase to relieve a small number of taxpayers of a major burden."<sup>2</sup> The funds for the program were limited to .5% of the residential levy in year 1, and 1% of the levy in subsequent years.

<sup>1</sup> [https://www.wayland.ma.us/sites/waylandma/files/uploads/circuit\\_breaker\\_income\\_tax\\_credit\\_2018.pdf](https://www.wayland.ma.us/sites/waylandma/files/uploads/circuit_breaker_income_tax_credit_2018.pdf)

<sup>2</sup> <https://s3-us-west-2.amazonaws.com/cdn.sudbury.ma.us/wp-content/uploads/sites/256/2018/05/FY-2019-Senior-Means-Tested-Application-Packet.pdf?version=b3654783f6c95b52900f955a7491cb1f>

Concord also started offering a program in FY19. It uses the *median* assessed value, has an asset limit (excluding the residence) of \$250,000, and stipulates that the exemption cannot exceed 50% of the tax bill.

Both Sudbury and Concord put a “sunset clause” on the program which requires it to be renewed by a Town vote every three years.

**HR 4001 – A Statewide Effort to Establish a Program Like Sudbury’s:** A number of communities around the Commonwealth have expressed interest in establishing a program similar to Sudbury’s. Under current law, each program would need to be approved by the MA Legislature in addition to receiving local approval through Town Meeting. HR 4001, which passed unanimously in the House on August 1, 2018, was referred to the Senate Ways and Means Committee on August 6, 2018.<sup>3</sup> There is optimism that it will pass in informal session, meaning it would not need to be re-filed next year.

There is a chart comparing the programs at the end of the memo.

**Timeline for Implementation of a New Program:** If Lincoln chooses to move forward with proposing a means-tested tax reduction program, there will be several steps. The exact timeline will depend on whether HR4001 is passed which would enable localities to implement the program without additional state approvals.

- Without a State Law: If HR4001 does not get passed into law, then Lincoln would have to develop the requirements and application process for a program and bring it to the Town as a warrant article at a future Town Meeting. If approved by the Town, the proposed program would then need to be approved by the MA Legislature. This was a 2-year process in Sudbury, although it should be noted that they were the first community to propose such a program.
- With a State Law: If HR4001 becomes law, then the timeline would be locally-driven.

#### **FAQs:**

- How Many Lincoln Residents Might Qualify? In 2015 (the most recent year for which we have data) 54 residents qualified for the state Circuit Breaker program.
- What is the Average Property Value in Lincoln? First, the Lincoln Finance Committee usually uses the *median tax bill* in its analysis of the budget on homeowners. However, when it comes to making comparisons with other towns, FinCom uses the *average* which is the information the state collects and publishes on the MA Department of Revenue website. In 2018, the *average* single-family home value is reported as \$1,149,169. In 2017 it was \$1,108,423. The *median* 2018 single family property value is \$997,500; it was \$972,200 in 2017.
- What is the Average Tax Bill in Lincoln? In 2018 the *average* tax bill is reported as \$15,629; it was \$15,185 in 2017.
- What would be the financial impact of the “burden shift” on residential tax payers? An initial estimate based on Sudbury’s experience and the number of seniors we have relative to them is \$200,000.

**Next Steps:** The members of the working group believe that a program extending the state Circuit Breaker program should be developed and brought before the Town for its consideration, and it has shared this information with the Board of Selectmen and the Finance Committee for their review. Once

<sup>3</sup> <https://malegislature.gov/Bills/190/H4001.pdf>

reviewed and the parameters of a proposed program are established, the Working Group will collaborate with Town Counsel to draft legislation and a warrant article for vote in March 2019 authorizing submission of a petition to the state. Assuming it is approved by the legislature, residents would vote at the March 2020 Town Meeting to implement the program for the FY21 budget. The timing could change if HR 4001 is signed into law in the near future and legislative approval is unnecessary.

## Comparison of programs

PROGRAM	MA Income Tax Circuit Breaker	Sudbury Means Tested Exemption	Concord Means Tested Exemption	Wayland	Bill 4001
Eligible Age	65	65	65	65	65/60 (joint applicant)
Income Limit	Single \$57,000 Married \$86,000	Single \$57,000 Married \$86,000	Single \$57,000 Married \$86,000	Single \$57,000 Married \$86,000	Single \$57,000 Married \$86,000
Asset Limit	Domicile \$720,000	Home Value no higher than town average plus 10% plus a review of other assets	Home value less than town median assessed value	Domicile \$720,000	Home assessed value does not exceed the prior year's average assessed value for the town plus 10%
Other Requirements		10 Consecutive years in Sudbury	Residence in Concord for 10 years		Resident for 10 consecutive years
Other Requirements		Property taxes after receiving the Circuit Breaker credit still exceeds 10% of income	Assets < \$250,000 (excluding residence)		Review of assets Property is primary residence
Assistance	For 2017, tax credit of up to \$1,080*	Difference between Circuit Breaker Credit and 10% of income	As a goal, property taxes will not exceed 10% of income	Match the Circuit Breaker tax credit	\$ cap 1 <sup>st</sup> year limited to 5% tax levy increase. Subsequent years 1%

\*Circuit Breaker Tax Credit = (RE tax + 50% water bill) - (10% qualified income)