

# Lincoln Tax Relief Programs

Lincoln Property Tax Study Committee

Friday, March 29, 8:00 am

# Senior and Veterans Tax Work-Off Programs

## (MGL Chapter 59, Sections 5K and 5N)

- Summary: Seniors (60+) and Veterans (all ages) work for Town departments for 125 hours (Senior) or 85 hours (veterans) and receive \$1,500 (seniors) or \$1,000 (veterans) off property tax bills.
- Eligibility: No income or asset limit
- Program administration: COA accepts and reviews applications, matches participants with jobs, completes administrative paperwork
- Local discretion: May offer less than \$1,500 and \$1,000; may offer as many slots as desired
- Residents served: Currently 48 senior slots and 5 veteran slots, 38 senior and 5 veteran slots currently filled, 3 on wait list.
- Cost to the Town: Seniors -- \$72,500; Veterans -- \$5,000; item in Town budget
- Observations: Program well-liked by seniors, veterans and town departments, most participants continue year after year, work includes entry-level administrative as well as professional-level positions in library, COA, Town Offices, Schools, DPW, Conservation, Water Dept. and more.

# Property Tax Deferral

## (MGL Chapter 59, Section 5, Clause 41A)

- Summary: Eligible senior property owners may defer all their property taxes, excluding CPA, up to 50% of home's value until the property is conveyed or homeowner passes away. At that time, the taxes must be paid back with 4% annual interest. Recorded as a lien.
- Eligibility: 60, \$57,000 income limit single, \$86,000 married
- Program administration: Residents fill out an application annually that is reviewed and implemented by the Assessor's Office
- Local discretion: Interest rate between 0-8%
- Residents Served: 4
- Cost to the Town: \$26,588; reduces Town's revenue until taxes paid
- Observations: Barriers are need to get bank approval, concerns about incurring debt, desire to pass down property debt-free to heirs, interest rate may be too high

# Community Preservation Act (CPA) Exemption (MGL Chapter 44B)

- Summary: Taxpayers with low to moderate incomes may receive a 100% exemption from the CPA Surcharge
- Eligibility: Anyone of any age who qualifies for low income housing (\$60,368 for single person, 2018); anyone 60 or over who qualifies for low or moderate income housing (\$74,460 for single person, 2018); property must be owned and occupied as domicile
- Program administration: Residents fill out an application annually that is then reviewed and approved or denied by the Assessor's Office
- Local discretion: May choose among four exemptions: (1) anyone eligible for low income house or seniors eligible for low/moderate income housing, (2) commercial/industrial property, (3) \$100,000 of value of residential, (4) \$100,000 of value of commercial/industrial
- Residents Served: 2
- Cost to the Town: \$45; reduces Town's revenue

# MA Income Tax Circuit Breaker

## (Chapter 62, Section 6)

- Summary: Provides tax credit of up to \$1,080 on state taxes. Annual adjustment.
- Eligibility: 65; income: \$57,000 single, \$86,000 married; assets: domicile not more than \$747,000; pay more than 10% of income in local taxes.
- Program administration: Residents file state tax form CB
- Local discretion: Not applicable
- Residents Served: In 2015, 54 residents qualified for the Circuit Breaker
- Cost to the Town: None.

# Temporary Hardship Deferral

## (MGL Chapter 59, Section 5, Clause 18A)

- Summary: Property owner(s) of any age may receive a deferral of all property taxes, excluding CPA, for up to three years when they have a financial hardship. At the end of three years or the financial hardship, the taxes must be paid back with 4% annual interest. Recorded as a lien.
- Eligibility: Must have financial hardship
- Program administration: Residents fill out an application annually that is reviewed and implemented by the Assessor's Office
- Local discretion: Interest rate between 0-8%
- Residents Served: 1
- Cost to the Town: \$2,396; reduces Town's revenue until taxes paid

# Exemption 17E Elderly

(MGL Chapter 59, Section 5, Clause 17E)

- Summary: Exemption for senior property tax owners providing assistance of \$627 per year. Amount is adjusted annually.
- Eligibility: 70; no income limit; \$42,756 asset limit, not including home
- Program administration: Residents fill out an application annually that is reviewed and implemented by the Assessor's Office
- Local discretion: None
- Residents Served: 0
- Cost to the Town: \$0

# Exemption 41D Elderly

## (MGL Chapter 59, Section 5, Clause 41D)

- Summary: Exemption for senior property tax owners providing assistance of \$2,060 per year. No inflation adjustment.
- Eligibility: 65; income: \$21,807 single, \$32,708 married, excluding some SS; assets: \$43,611 single, \$59,965 married, excluding domicile
- Program administration: Residents fill out an application annually that is reviewed and implemented by the Assessor's Office
- Local discretion: None
- Residents Served: 3
- Cost to the Town: \$6,180; reduces Town's revenue.

# Exemption 37A Blind

## (MGL Chapter 59, Section 5, Clause 41A)

- Summary: Provides exemption of \$1030.
- Eligibility: Blind.
- Program administration: Residents fill out an application annually that is reviewed and implemented by the Assessor's Office
- Local discretion: None
- Residents Served: 3
- Cost to the Town: \$3,090; reduces Town's revenue

# Veterans Exemption 22

(MGL Chapter 59, Section 5, Clause 22)

- Summary: Provides relief of \$824
- Eligibility: Veterans with a 10% war service disability; veterans awarded Purple Hearts; Gold Star parents; surviving spouses until remarriage
- Program administration: Residents fill out an application annually that is reviewed and implemented by the Assessor's Office
- Local discretion: None
- Residents Served: 10
- Cost to the Town: \$8,240

# Veterans Exemption 22A

(MGL Chapter 59, Section 5, Clause 22A)

- Summary: Provides relief of \$1,500
- Eligibility: Veteran who lost one hand, foot, or eye; or received Congressional Medal of Honor, Distinguished Service Cross, Navy Cross, or Air Force Cross; spouse; surviving spouse
- Program administration: Residents fill out an application annually that is reviewed and implemented by the Assessor's Office
- Local discretion: None
- Residents Served: 0
- Cost to the Town: \$0

# Veterans Exemption 22B

(MGL Chapter 59, Section 5, Clause 22B)

- Summary: Provides relief of \$2,500
- Eligibility: Veterans who lost two hands or feet or both eyes
- Program administration: Residents fill out an application annually that is reviewed and implemented by the Assessor's Office
- Local discretion: None
- Residents Served: 0
- Cost to the Town: \$0

# Veterans Exemption 22C

## (MGL Chapter 59, Section 5, Clause 22C)

- Summary: Provides relief of \$3,000
- Eligibility: Veterans with 100% disability and specially adapted housing; spouse; surviving spouse
- Program administration: Residents fill out an application annually that is reviewed and implemented by the Assessor's Office
- Local discretion: None
- Residents Served: 0
- Cost to the Town: \$0

# Veterans Exemption 22D

(MGL Chapter 59, Section 5, Clause 22D)

- Summary: Provides relief of total for five years and then \$2500
- Eligibility: Surviving spouses of veterans killed in a combat zone
- Program administration: Residents fill out an application annually that is reviewed and implemented by the Assessor's Office
- Local discretion: None
- Residents Served: 0
- Cost to the Town: \$0

# Veterans Exemption 22E

(MGL Chapter 59, Section 5, Clause 22E)

- Summary: Provides relief of \$2,060
- Eligibility: Veterans with 100% disability
- Program administration: Residents fill out an application annually that is reviewed and implemented by the Assessor's Office
- Local discretion: None
- Residents Served: 3
- Cost to the Town: \$6,180

# Veterans Exemption 8A

(MGL Chapter 59, Section 5, Clause 8A)

- Summary: Provides complete tax relief
- Eligibility: Veterans who are paraplegic; surviving spouse
- Program administration: Residents fill out an application annually that is reviewed and implemented by the Assessor's Office
- Local discretion: None
- Residents Served: 0
- Cost to the Town: \$0

# Cost to the Town

Program	Participants	Cost
Senior Work-Off	48	\$72,500
Veterans Work-Off	5	\$5,000
Deferral	4	\$26,588
CPA Exemption	2	\$45
Temporary Hardship Deferral	1	\$2,396
Elderly	3	\$6,180
Blind	3	\$3,090
Veterans 22	10	\$8,240
Veterans 22E	3	\$6,180
TOTAL	79	\$130,219

# Observations

- The Senior and Veterans Tax Work-Off Programs are the most popular, but they may be reaching their limit in terms of available jobs as well as seniors and veterans who wish to participate.
- The Tax Deferral Program (41A) may be a significant missed opportunity. It may be that many more residents would take advantage of the program if marketing and social services engagement could overcome the barriers, especially if the interest rate is lowered.
- Very few Lincoln residents who are property owners are eligible for most of the exemptions.