

Senior/Disabled Taxation Relief Committee

Mission:

- (a) To examine fiscally sound ways Westborough can maximize senior taxation relief.
- (b) To examine ways of raising revenue to fund senior tax relief.
- (c) To determine methods of marketing the Senior/Disabled Taxation Aid Committee to increase donations.
- (d) To report its findings, including various options and recommendations within one year of the Committee's creation.

Members: Chair: Phyllis Jaffee, Council on Aging

Vice Chair: Jonathan Steinberg, Chief Assessor

Voting Members: Robert Haley (Treasurer Collector), Jody Hensley (Advisory Finance Committee), Greg Michel (taxpayer), Robert Groce (taxpayer), Robert Abair (taxpayer)

Non-voting contributors: Jonathan Rappaport, Phil Mighdoll, Garry Kessler

Our Approach

1. Review existing programs offered by Westborough.
2. Review expanded programs being offered in other communities.
3. Data gathering to evaluate comparable needs and opportunities interviewing staff and visiting other communities:

- Acton
- Concord
- Holliston*
- Hopkinton*
- Lexington*
- Marlborough
- Northborough*
- Reading*
- Shrewsbury*
- Sudbury*
- Wakefield
- Wayland

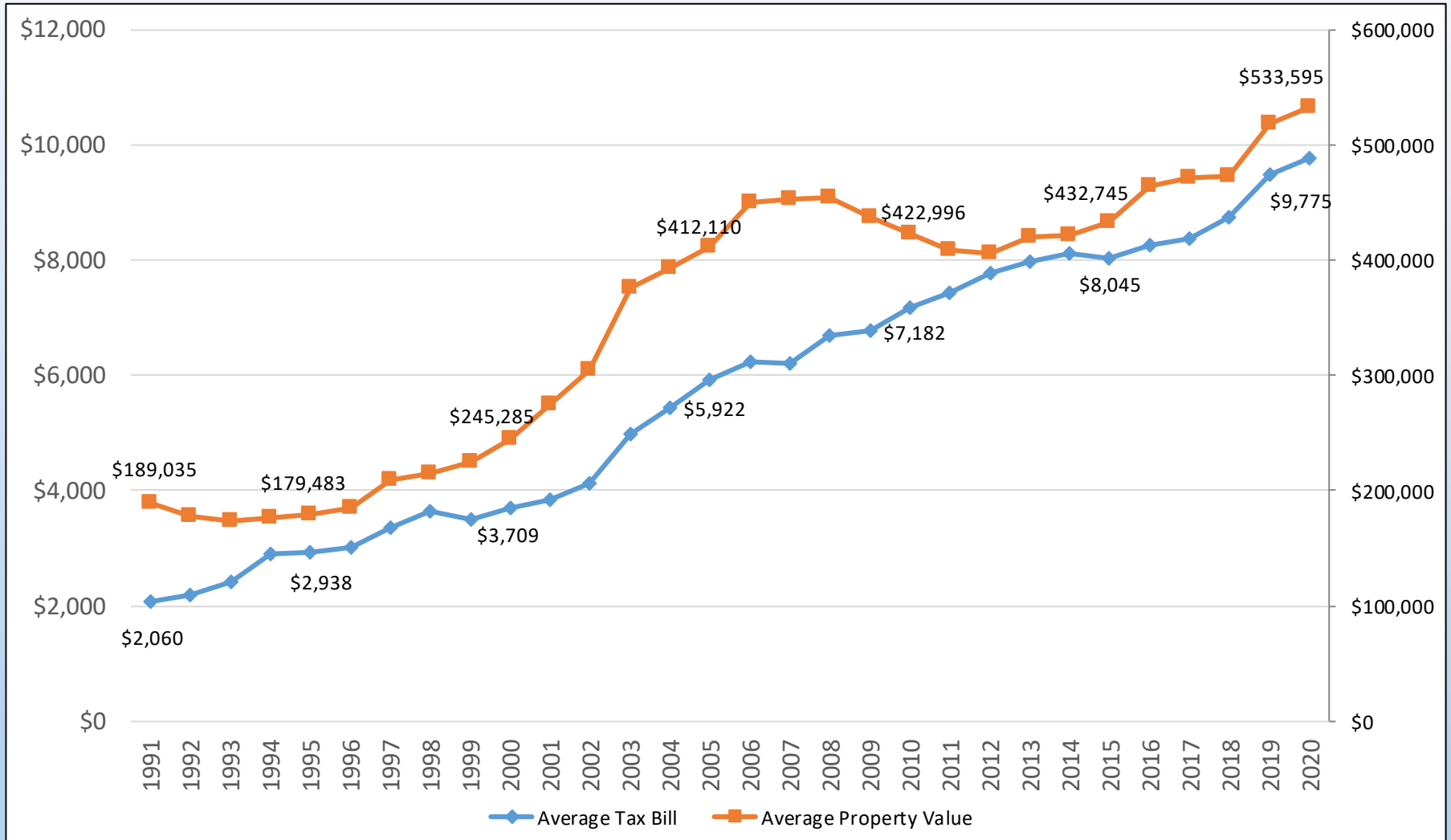
Evaluate comparable existing statutory exemptions, local social services, outreach, efficacy and needs.

The communities were selected based upon a blend of proximity, existing programs and dashboard communities.

*Dashboard communities

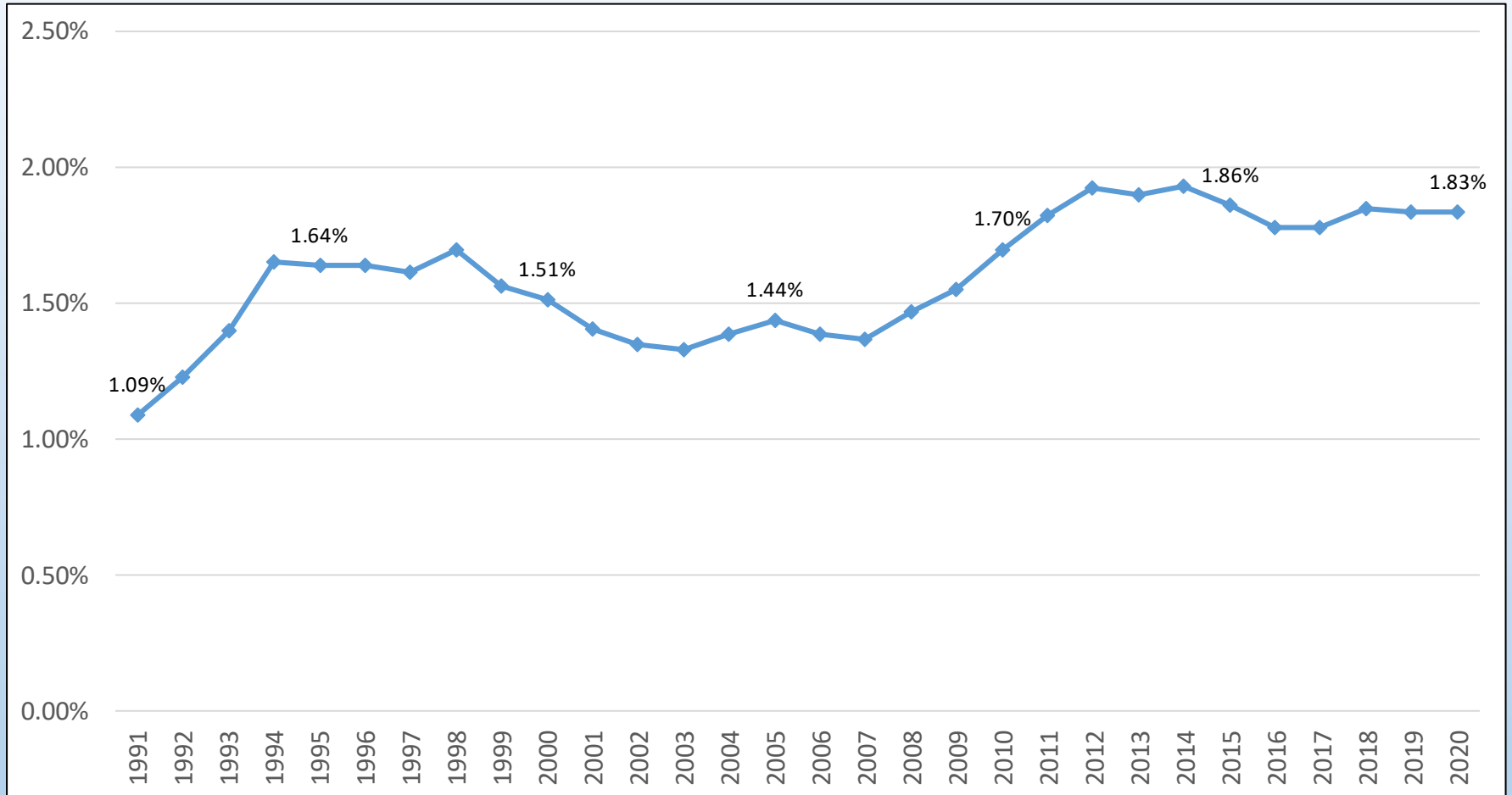
4. Review information and formulate recommendations for the Board of Selectmen

Average Single Family Tax Bill



From 1991 to 2020 the average single family value increased from \$189,035 to \$533,595. Over the same period the tax bill for that property has increased from \$2,060 to \$9,775.

Ratio of Average Single Family Tax Bill to Value



Ratio of average single family tax bill to average single family value.

Review of Existing Statutory Exemptions and Adopted Local Options

- Seniors – Ch. 59 § 5 Clause 41C
 - 65 Years of age – reduced from 70
 - Income limits and assets doubled
 - Income limits adjusted by DOR cost of living adjustment (FY2020 3.3%)
 - Exemption amount increased from \$500 up to \$2,000
 - FY 2019 – 13 exemptions approved for a total benefit of \$20,560
- Seniors / Surviving Spouse / Minor Child - Ch. 59 § 5 Clause 17D
 - 70 Years of age
 - Doubled income limits
 - Assets limit adjusted by DOR cost of living adjustment (FY2020 3.3%)
 - Exemption amount doubled from \$175 to \$350
 - FY 2019 – 4 exemptions approved for a total benefit of \$1,225
- Senior and Veteran Tax Work-off Program - Ch. 59 § 5K
 - 60 positions
 - Increased exemption amount to the maximum \$1,500 w/proposed change to adjust for the increase in minimum wage.
 - FY19 – 56 exemptions approved for a total benefit of \$74,364
- Senior/Disable Taxation Aid Committee Ch. 60 § 3D
 - Two of five positions vacant
 - Current balance \$5,631.21
 - Funded through donations

Existing Available Tax Deferral

MGL Ch.59§5 Clause 41A

- 65 Years of age
- Income of less than \$40,000
- 10 Years of consecutive Massachusetts residency
- NO INTEREST on deferred taxes
(by local option - statute is 8%)

41A DEFERRAL		
Fiscal Year	Count	Amount
2011	10	\$36,801
2012	16	\$72,751
2013	13	\$61,012
2014	12	\$53,904
2015	7	\$33,121
2016	6	\$30,025
2017	5	\$26,788
2018	5	\$21,625
2019	4	\$17,780

- A local option, not currently adopted, could increase the income eligibility cap to any amount that does not exceed the income limit of a single person for the State Circuit Breaker: currently \$60,000 – not currently being recommended due to the unknown impact

Discovery from other communities:

Westborough is in line or surpasses other communities with accepted statutory local options.

- Higher number of Work-Off positions
- 41A Deferral with zero interest on deferred taxes

What they do that we don't:

- More tax relief provided by the Senior/Disabled Taxation Aid Committee
- Broader Town-wide outreach
- Circuit Breaker (CB) special legislation
 - Circuit Breaker exemptions vary slightly with each community
 - Annual percent match from 50% to 200%
 - Defined asset limits
 - Required receipt of the CB
 - Age, asset levels and home values

Simple Recommendations

1. Support the March Town Meeting warrant article to amend the Senior Work-Off program to 125 hours.

	Min. Wage	Indv. Tax Relief	Total Annual
Fiscal 2021	\$12.75	\$1,593.75	\$95,625
Fiscal 2022	\$13.50	\$1,687.50	\$101,250
Fiscal 2023	\$14.25	\$1,781.25	\$106,875
Fiscal 2024	\$15.00	\$1,875.00	\$112,500

2. Greater utilization of the Senior/Disabled Taxation Aid Fund.
 - Needs 2 members committed to working toward providing tax relief and building an on-going program of both funding and utilization.
 - Any solicitation of funds aside from the tax bill insert must be done by taxpayers.
3. Improve outreach for existing exemption programs thru a town-wide annual mailing.
 - The goal is to not just inform those who may be eligible for programs, but also for someone they may know.
 - Professionally designed post card that someone will actually read.
 - This would need funding

More Complex Recommendations

1. Pursue special legislation for a State Income Tax Circuit Breaker based tax exemption.

What is the State Income Tax Circuit Breaker?

- You must be 65 or older by December 31.
- You must own or rent residential property in Massachusetts and occupy it as your primary residence.
- For tax year 2019, your total Massachusetts income doesn't exceed:
 - \$60,000 for a single individual who is not the head of a household.
 - \$75,000 for a head of household.
 - \$90,000 for married couples filing a joint return.
- 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.

State Circuit Breaker Exemption

Basic Outline of the Recommended Criteria

- Must have received the State Income Tax Circuit Breaker in the prior year.
- Must have owned property in Westborough for 10 consecutive years prior to application for the exemption.
- Assessed value cannot exceed 10% above the average single family property value from the prior year plus 10.
- 100% match of the received Income Tax Credit.
- To Be funded through the overlay account.

Westborough State Income Tax Circuit Breaker Recipient History

Calendar Yr	Qualifiers	Total Credit Claimed	Average Credit	30 % of Recipients w/100 Match
2017	310	\$307,196	\$991	\$92,159
2016	293	\$279,803	\$955	\$83,941
2015	277	\$260,589	\$941	\$78,177
2014	276	\$255,641	\$926	\$76,692

Existing Communities range from 13% to 30% of recipients.

Due to our higher than typical rental mix, we could be at the lower end of that range.

A 100% match of the average CB with 30% recipients qualifying would increase the average single family tax bill by \$16.01.

“Longevity” Residential Exemption Concept

- Modeled after the existing Residential Exemption that is presented annually at the Classification Hearing
- Qualifications:
 - 80 years of age
 - 40 years of home ownership in Westborough
 - Primary residence
 - Shift within the residential class of property
 - Income limits proposed?
 - Assessed property value cap?
 - Administrative impact?

Similar to the Residential Exemption MGL Ch59 § 5C, this would be a value based exemption voted annually by the Board of Selectmen. A reduction of up to 35% of the average residential property value.

Estimated Potential Number of Properties	
Over 70 years of age	1056
Over 75 years of age	963
Over 80 years of age	413

These numbers are rough estimates as it does not factor in the duration of residency or primary residence. Actual numbers would be some subset of this.

Residential Exemption Examples

10 % Adjustment Scenario w/ 75% of the 413 Properties Qualifying

Average Value Single Family Property:

With One Rate: $\$533,595 \times \$18.32 / 1000 = \$9,775.46$

Net Value With Residential Exemption: $\$533,595 - \$53,898 = \$479,697$

Adjusted Value w/ Residential Rate: $\$479,697 \times \$18.42 / 1000 = \$8,836.02$

Tax Savings: $\$939.44$

Higher Value Single Family Property:

With One Rate: $\$900,000 \times \$18.32 / 1000 = \$16,488.00$

With Residential Exemption: $\$900,000 - \$53,898 = \$846,102$

Adjusted Value w/ Residential Rate: $\$846,102 \times \$18.42 / 1000 = \$15,585.20$

Tax Savings: $\$902.80$

Tax Impact on Non-Qualifying Property

Average Single Family Tax Bill: $\$9,775$

Bill with Exemption Rate: $\$9,829$

Increase

$\$53$

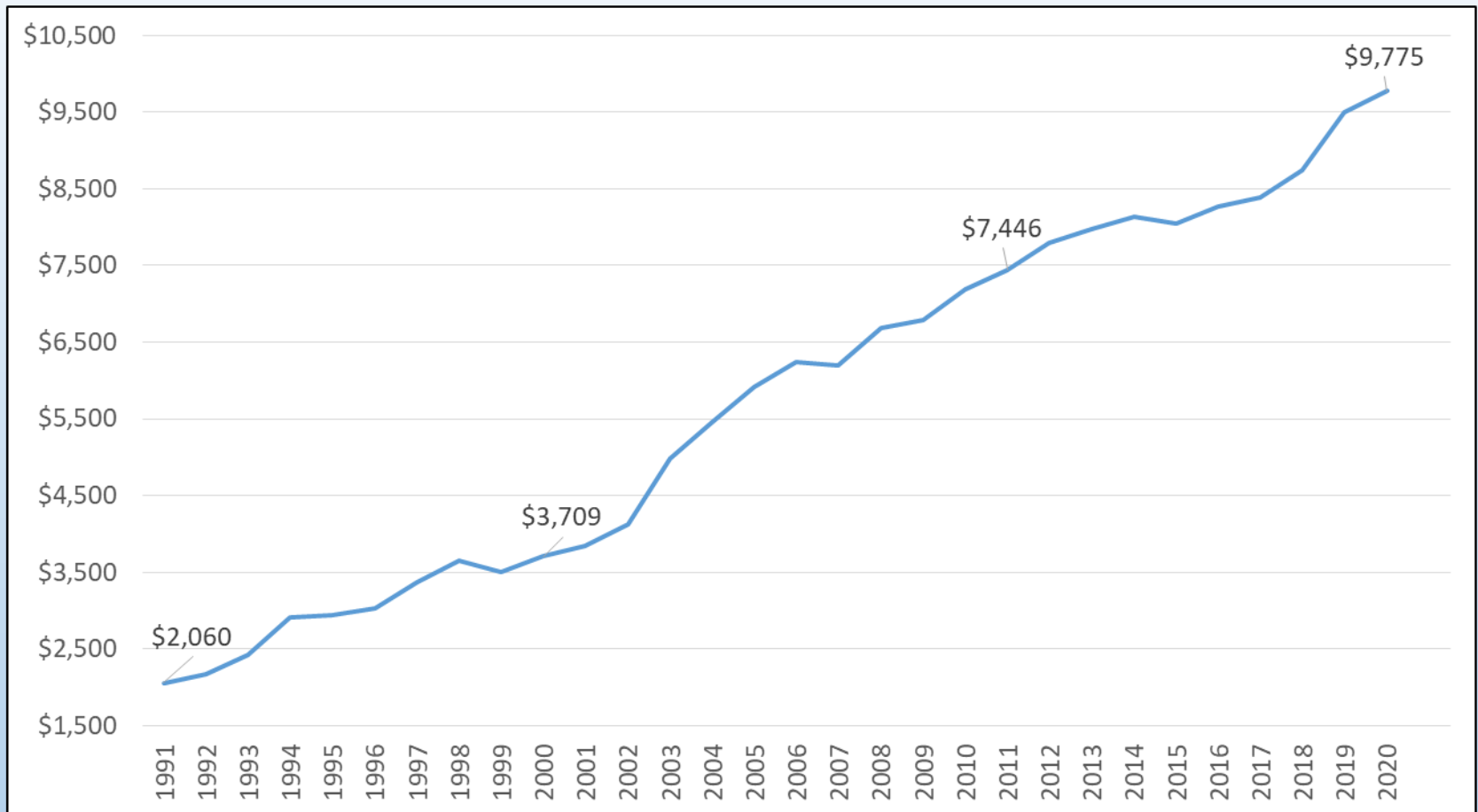
Summary Recommendations

- Support of the March Town Meeting warrant articles to amend the Senior/Veteran Work-Off program to 125 hours.
- Fill two resident vacancies on the Senior/Disabled Taxation Aid Committee.
- Proceed with development of Special Legislation Process for a State Income Tax Circuit Breaker based exemption.
 - Develop language, solicit public feedback, head's up to legislative delegation, bring to TM.
- Continue to research, study and solicit input for the proposed concept of special legislation for a “Longevity” residential exemption.
- Develop marketing plan (committee, Council on Aging, funding for plan, mailing approx. 5,000 post cards to condos and single family properties)

Residential Exemption Detail

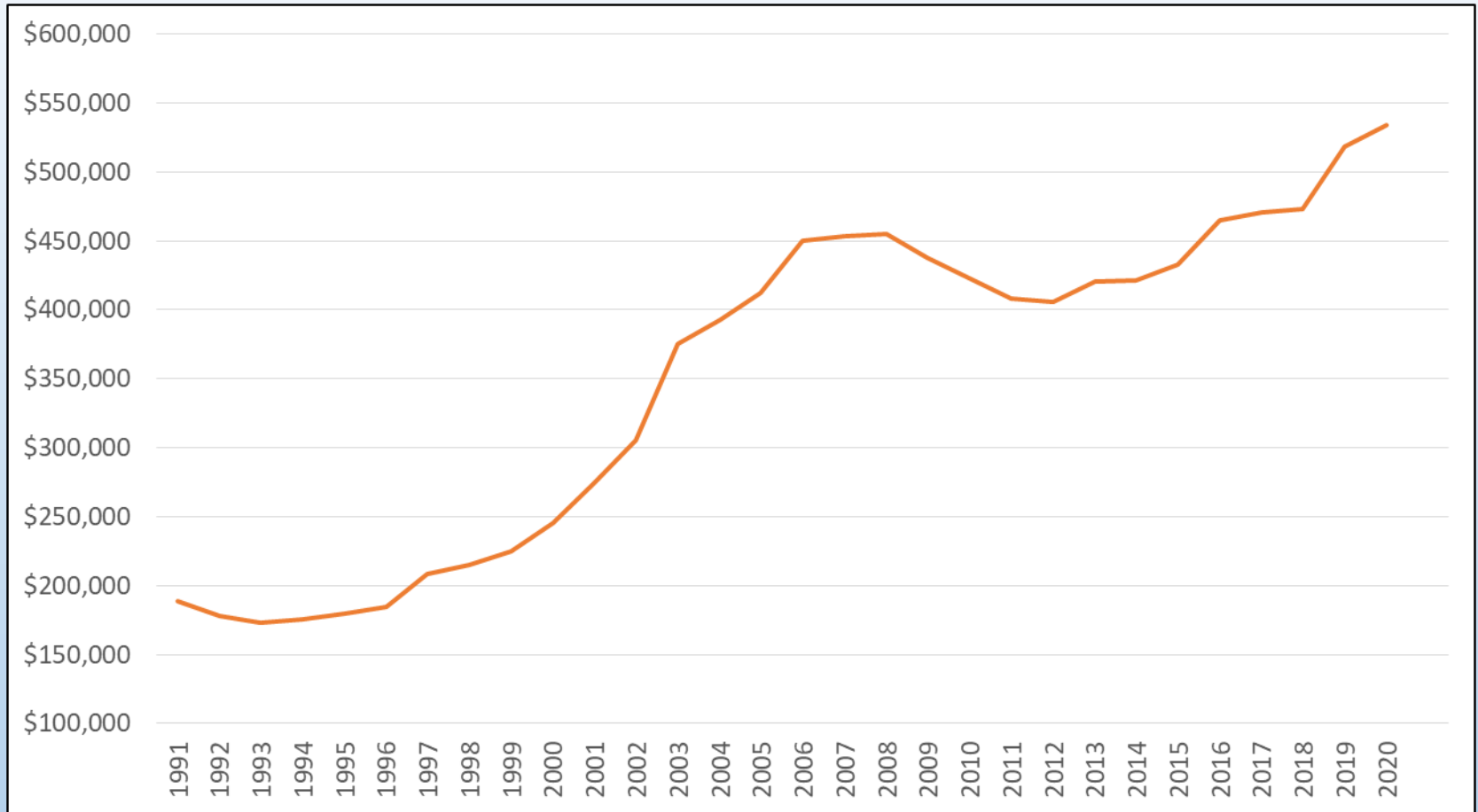
- Average residential value = $\$538,982 \times 10\% = \$53,898$ reduction per property.
- Eligible properties = $310 \times \$53,896 = \$16,694,965$ value reduced from residential class.
- Total residential value = $\$2,943,380,187 - \$16,694,965 = \$2,926,685,222$ which is the remaining value in the residential class.
- $\$53,922,725 =$ levy to be borne by residential class.
- $\$53,922,725 / \$2,943,380,187 \times 1000 = \18.42 , which would be the residential tax rate if the exemption is adopted.

Average Single Family Tax Bill



1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
\$2,060	\$2,177	\$2,428	\$2,905	\$2,938	\$3,026	\$3,370	\$3,647	\$3,507	\$3,709
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
\$3,850	\$4,123	\$4,987	\$5,450	\$5,922	\$6,234	\$6,198	\$6,689	\$6,784	\$7,182
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
\$7,446	\$7,790	\$7,972	\$8,134	\$8,045	\$8,264	\$8,384	\$8,734	\$9,498	\$9,775

Average Single Family Value



1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
\$189,035	\$177,680	\$173,410	\$175,749	\$179,483	\$184,515	\$208,562	\$215,061	\$224,504	\$245,285
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
\$274,425	\$305,416	\$375,537	\$392,930	\$412,110	\$449,792	\$453,701	\$455,046	\$437,650	\$422,996
2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
\$408,241	\$405,530	\$420,266	\$421,660	\$432,745	\$465,046	\$471,021	\$473,153	\$518,184	\$533,595

OVERVIEW OF EXISTING TAX EXEMPTIONS

- Existing statutory tax exemptions:
 - Seniors – Ch. 59 § 5 Clause 41C
 - Senior Deferral - Ch. 59 § 5 Clause 41A
 - Seniors / Surviving Spouse / Minor Child - Ch. 59 § 5 Clause 17D
 - Disabled Veterans / Surviving Spouses – Ch. 59 § 5 Clause 22 (a-f)
 - Blind - Clause G.L. Ch. 59 § 5 Clause 37A
 - Hardship - Ch. 59 § 5 Clause 18

Exemptions cannot reduce the tax amount below the prior year's exempted payment.

- Senior and Veteran Tax Work-off Program - Ch. 59 § 5K

Senior Exemption MGL Ch. 59 § 5 Clause 41C

- Statutory First Year Base Exemption Amount - \$500
 - Accepted local option the first year exemption was increased to the maximum allowable \$1,000. This sets the base that future exemptions cannot go below, unless taxes go down.
 - Accepted local option has increased the amount to the maximum allowable \$2,000 for future years as taxes increase.

Eligibility		
	Statutory	Westborough's Local Option
Age	70	65
Single Base Income	\$13,000	\$21,177
Married Base Income	\$15,000	\$31,765
Single Assets	\$28,000	\$42,353
Married Assets	\$30,000	\$58,235
10 consecutive year Massachusetts residency		
Assets exclude the residence and vehicle		
Income is reduced by a allowable social security deduction		
13 Approved 41C exemptions in Fiscal 2019		

In Fiscal 2019, the Town adopted a local option that increases the income and asset limits annually by the allowed Cost-of-Living adjustment issued by the Department of Revenue. In Fiscal 2020 that adjustment was 3.3%.

Senior Exemption MGL Ch. 59 § 5 Clause 17D

- Statutory First Year Base Exemption Amount - \$175
 - Accepted local option increased the maximum exemption amount to \$350

Taxpayers that exceed the income for 41C but meet the asset requirements can often qualify for 17D since there are no income requirements.

Eligibility		
	Statutory	Westborough's Local Option
Age	70	
Single Base Income	None	
Married Base Income	None	
Single Assets	\$20,000	\$42,353
Married Assets	\$40,000	\$42,353
State reimbursement \$1,750		
Owned and occupied for 5 years		
2 Approved 17D exemptions in Fiscal 2019		

In Fiscal 2019 the Town adopted a local option that increases the income and asset limits annually by the allowed Cost-of-Living adjustment issued by the Department of Revenue. In Fiscal 2020 that adjustment was 3.3%.

Senior Deferral MGL Ch. 59 § 5 Clause 41A

Qualified taxpayers may defer any portion of their taxes. In order to do this, they must enter into a Deferral Recovery Agreement which is recorded as a lien at the Worcester Registry of Deeds. This deferral can be in addition to qualified exemptions. Deferral can be all or part of the taxes and can be year-to-year.

- By statute, the deferred amount would accrue interest at 8%
- By accepted local option, deferred amounts in Westborough **DO NOT** accrue interest unless the owner passes away prior to the sale of the property

Eligibility		
	Statutory	Local Option
Age	65	
Single Max.	\$20,000	\$40,000
Married Income Max.	\$20,000	\$40,000
Single Maximum Assets	None	
Married Maximum Assets	None	
10 consecutive year Massachusetts residency		
4 Approved 41A exemptions in Fiscal 2019		

Senior/Veteran Work-off

MGL Ch. 59 § 5K

- 60 total positions – 50 seniors over the age 60 – 10 veterans
 - Number of positions is set locally
- Compensation cannot exceed the current hourly minimum wage
- Prior to Municipal Modernization the total statutory benefit was an adjusted number of hours at minimum wage not to exceed \$1,000 –
 - Accepted local option expanded the Westborough program to a fixed 125 hours at the current minimum wage
 - Recently approved local option for Fiscal 2019, the benefit can be up to \$1,500 compensated at the current minimum wage. The number of hours will decrease as the minimum wage increases.
 - There is no State reimbursement for this program

Work-off Program			
	FY 2019	Since FY 2010	State Reimbursement
Benefit	\$74,364	\$471,614	\$0.00

- There is a local option not adopted that would allow an approved representative to work for those physically unable to work.
- The Municipal Modernization Act created a local option, which was adopted, increasing the maximum to \$1,500. Now that minimum wage has increased to \$12.75 the option to return to 125 hours at minimum wage is being proposed in March. This will increase the compensation for Fiscal 2021 to \$1,593.75 up to \$1,875 for Fiscal 2024.

	Min. Wage	Indv. Tax Relief	Total Annual
Fiscal 2021	\$12.75	\$1,593.75	\$95,625
Fiscal 2022	\$13.50	\$1,687.50	\$101,250
Fiscal 2023	\$14.25	\$1,781.25	\$106,875
Fiscal 2024	\$15.00	\$1,875.00	\$112,500

Senior / Disabled Taxation Aid Committee

- **MASSACHUSETTS GENERAL LAW CHAPTER 60, § 3D**
- Section 3D. A city or town which accepts the provisions of this section is hereby authorized, subject to the approval of the commissioner, to design and designate a place on its municipal tax bills, or the motor vehicle excise tax bills, or to mail with such tax bills a separate form, whereby the taxpayers of said city or town may voluntarily check off, donate and pledge an amount not less than \$1 or such other designated amount which shall increase the amount otherwise due, and to establish a city or town **aid to the elderly and disabled taxation fund for the purpose of defraying the real estate taxes of elderly and disabled persons of low income.**
- Any amounts donated to said fund shall be deposited into a special account in the general treasury and shall be in the custody of the treasurer. The treasurer shall invest said funds at the direction of the officer, board, commission, committee or other agency of the city or town who or which is otherwise authorized and required to invest trust funds of the city or town and subject to the same limitations applicable to trust fund investments, except as otherwise specified herein. The fund, together with the interest earned thereon shall be used for the purpose specified in this section without further appropriation.
- In any city or town establishing an aid to the elderly and disabled taxation fund, there shall be a taxation aid committee to consist of the chairman of the board of assessors, the city or town treasurer and **three residents** of the city or town to be appointed by the mayor or board of selectmen as the case may be. **Said board shall adopt rules and regulations to carry out the provisions of this section and to identify the recipients of such aid.**