

SENIOR PROPERTY TAX EXEMPTION STUDY COMMITTEE REPORT – AUGUST 2021

The Senior Property Tax Exemption Study Committee began its work on May 30, 2019. Its charge was to research and analyze the feasibility of a Senior Property Tax Exemption and its impact if adopted. The committee studied similar programs that have been proposed or implemented e.g., Sudbury and Wayland, and came up with a proposal that is appropriate for Natick and fixes some of the calculation problems encountered in other town programs.

PROGRAM GOALS

The goal of a senior property tax exemption is to have seniors pay no more than 10% of their income in real estate tax. This is the same goal that underlies the MA Circuit Breaker Credit applied for on an individual's personal income tax return. If after applying for and receiving the maximum CB credit (currently \$1,150 in 2020), a senior's real estate tax bill still exceeds 10% of qualifying income, Natick seniors would be able to apply for a Natick credit to further reduce the gap.

ELIGIBILITY

To be eligible for the proposed Natick program a senior, defined as someone age 65 or older, would have to be a Natick resident for 10 consecutive years, have an assessed home value of less than or equal to 110% of the average single-family home (\$703,064 in FY 2021) and have qualifying income less than or equal to \$40,000 if their tax filing status is single or \$60,000 if their tax filing status is married filing jointly or head of household.

CREDIT CALCULATION

The MA form CB is the starting point for the calculation of the Natick credit and 10% of qualifying income is obtained from this form. The Natick credit is calculated by taking the total year's real estate tax liability and subtracting 10% of qualifying income and the MA CB credit (\$1,150 in 2020). An additional subtraction is made for any other tax exemption support received under other Natick programs, including Chapter 41C grants. Should the calculated amount exceed \$1,150, the Natick credit under this program would be capped at \$1,150.

For example: A married couple with \$50,000 of qualifying income and \$7,500 of real estate taxes would get a \$1,150 Natick credit as follows:

Real estate tax \$7,500 less \$5,000 (10% of \$50,000 qualifying income) less the MA CB credit amount of \$1,150 equates to a gap of \$1,350. The Natick resident would qualify for the maximum credit of \$1,150 allowed under this program.

BENEFITS

Calculation is simple and uses existing state definitions and amounts to determine eligible population.

The Select Board has the authority to set the maximum program cost and can adjust the qualifying income and maximum exemption amount on an annual basis.

CHALLENGES

There can be the argument that the new initiative impacts workload. The town may need to adjust staffing to address current citizen service considerations to support the work of the assessor's staff.

RECOMMENDATIONS

The study committee believes that it is up to the residents of Natick to vote whether or not they want to add a capped, means tested limited tax credit to be available to senior homeowners 65 and older, who have lived in Natick for 10 years and meet certain financial criteria. The cost to a homeowner with the median property value is estimated to be \$26 per year.

The Senior Tax Exemption Study Committee recommends that the Select Board sponsor a means tested Natick Home Rule Petition as a warrant article at the 2021 Fall Annual Town Meeting for submission to the Massachusetts State Legislature. If passed, the study committee recommends that a referendum question be required at the next town wide election. A favorable result would allow the new exemption to be eligible for implementation.