

Senior Real Estate Tax Exemption Program

Questions and Answers

What is the Senior Real Estate Tax Exemption Program?

This is the first program in Massachusetts to allow local authority for real estate tax reductions for Hamilton's long-term senior residents with low incomes to help them afford to stay in their homes.

Where did it come from?

This program has been considered by Hamilton's Board of Selectmen (BOS) for several years. At the town meeting in October, 2008, Bill Dery proposed a version of the program as a warrant article. After careful review of its provisions, the Finance Committee (Fin Com) and BOS recommended against adoption of this version but again supported the idea. The consensus of the town meeting, as expressed by Joanne Patton, was for the Fin Com to develop a more comprehensive proposal for the town to consider.

Then what happened?

The Fin Com, under the leadership of Art Oberheim and Bob Bullivant, spent a year developing a comprehensive Senior Tax Exemption Program, providing property tax relief for Hamilton's low-income seniors, which was approved at the May, 2009 town meeting. For Hamilton to implement such a program, it had to be approved by the State Legislature as a home rule petition and signed by the Governor. Early in 2010, Art, Bob, and Selectman Dave Carey presented our petition to the State Legislature, and it was subsequently approved and signed by Governor Deval Patrick in April, 2010.

How do I qualify for the program?

The program has specific minimum qualifications as well as some requirements that can be set annually, such as the applicant's age and income. In September, the BOS set the requirements as follows.

To qualify for a property tax reduction:

- The home must be owned and occupied by the applicant
- The applicant must have lived in the town for at least 10 consecutive years
- The applicant must occupy the home for more than 6 months each year.
- The age of one of the homeowners must be 70 or greater
- The total household income cannot be more than \$33,000 if single or \$49,500 if married.
- The property's assessed value must be less than or equal to the town's median assessed property value (presently \$403,300) plus 10% (\$443,630).

If these requirements are met, the real estate tax will be *reduced to no more than 10% of the household income, but not by more than 50% of the owed tax bill.*

For example: Married homeowners, one of whom is over 70, have lived in their home for over 10 years and have a household income of \$32,000 (less than \$49,500). The assessed value of their home is \$403,300 (less than the median + 10% limit of \$443,630). Therefore, they qualify for the program and their tax bill would be capped at no more than 10% of their \$32,000 income or \$3,200.

However, their current tax bill is \$6,630 and the reduction cannot be more than 50% of that, or \$3,315. Therefore, their tax would be \$3,315 for a reduction of \$3,315.

Is this program available now?

No, not yet. First, it must be approved by the town at a special ballot, which is set for **November 9**. If the town votes **Yes** to adopt the program, it will be available for the 2012 tax year beginning July 1, 2011.

How do I apply?

If the program is approved at the town ballot on November 9, qualifying seniors can apply each year using forms available at the Assessor's office in town hall. *The applications must be submitted to the Assessors office by **January 31, 2011**.*

How much money is available for the program?

The program has a limit on how much the town can budget for **all** real estate tax abatements and exemptions, including ones for overvaluation and a variety of State exemptions, such as for veterans. For the first year, this limit is \$175,000, but in subsequent years it can be raised in a range up to \$350,000. However, when all other abatements and exemptions are deducted, the estimated amount remaining for this program will be either \$31,000 or \$93,000. The reason for the difference is that there is an outstanding court case by Verizon to have its local excise tax on utility equipment reduced. For Hamilton this amounts to \$62,000. The town budgeted for this, and although we expect this case to be settled in our favor, the money would not be available until after the court decision.

Will the money for senior tax exemptions increase my taxes?

Yes, a small amount. In the current fiscal year, the town budgeted \$165,900 to cover all of the abatements and exemptions expected for the year, including the \$62,000 for the Verizon liability. Therefore, to meet the required \$175,000 limit above, the town budget must be increased by only \$9,100 for the 2012 fiscal year.

What if the request for exemptions exceeds the amount budgeted?

The town is then authorized to pro-rate the amount of exemptions to qualified applicants. For example, if the budgeted amount for senior tax exemptions is 50% of the approved requests, each applicant will get 50% of what they would otherwise be entitled to receive.

What if the town decides not to approve the program?

If the program is defeated at the town ballot on November 9, it will not be implemented. If the program is supported, it will be in effect for 3 years, after which it must be extended by a vote at town meeting. However, within the first 3 years, the program can be suspended by either a 2/3 vote of the Selectmen after holding a public hearing or by another ballot vote.

Why should I support this program?

That, of course, is a personal decision. The reason for the program is to provide real estate tax relief for our seniors who have lived in the town for a long time and want to stay in their homes. It also helps the town by reducing the turnover in properties that often brings in families with children, which adds to the costs of our schools. Therefore, the Hamilton BOS and Fin Com support this program because it can help both our senior citizens and all Hamilton taxpayers.

If you have additional questions about the program, please contact a member of the Board of Selectmen or the Finance Committee.

And, don't forget to vote on November 9 at the Winthrop School.