



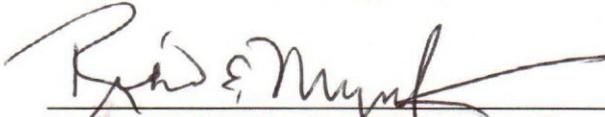
CITY OF AMESBURY
IN THE YEAR TWO THOUSAND TWENTY

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AMESBURY CITY CLERK

SPONSORED BY:



Councilor Richard Marggraf

BILL No. 2020-011



Councilor Anthony Rinaldi

An Order Relative to an Act Authorizing the City of Amesbury to Hold an Election for the Purpose of Accepting the Terms of Clause 41C½ of Section 5 of Chapter 59 of the Massachusetts General Laws.

Summary: This Bill proposes to expand the City's existing property tax exemption program for qualifying Amesbury seniors under clause M.G.L. Chapter 59, Section 5, Clause 41C½. The proposal would be subject to approval by the voters in the form of a question to be placed on the next regularly scheduled municipal election ballot.

Now therefore, be it Ordered that:

The City Council of the City of Amesbury hereby authorizes the Amesbury City Clerk, on behalf of the City of Amesbury to hold, at the next regularly scheduled municipal election, a ballot question for the purpose of accepting the terms of Clause 41C ½ of Section 5 of Chapter 59 of the Massachusetts General Laws. That the property tax exemption for senior citizens under M.G.L. Chapter 59, Section 5, Clause 41C½ be accepted with adjustments to the exemption amount and eligibility factors as follows

1. By increasing the exemption percentage to 15%.
2. By adjusting the gross receipts limit to: (1) in a household containing the applicant and spouse, the combined gross receipts of the couple using the total income limit for a married couple filing a joint return under the state circuit breaker income tax credit, and (2) in a household containing the applicant and a person other than the applicant's spouse, to the combined gross receipts of all household members using the total income limit for a head of a household under the state circuit breaker income tax credit, and (3) in a single household containing the gross receipts of the individual under the state circuit breaker income tax credit. For the purposes of calculating the credit, total income and maximum credit thresholds will be adjusted annually in accordance with the MA State Circuit Breaker Tax Credit.



2020-011

CITY OF AMESBURY
IN THE YEAR TWO THOUSAND TWENTY

ORDERED:

January 14, 2020

THAT, the City Council of the City of Amesbury hereby approves the following question to be placed on the ballot at the election to be held on November 9, 2021:

“Shall Amesbury accept the terms of Clause 41C ½ of Section 5 of Chapter 59 of the Massachusetts General Laws granting real estate property tax exemptions to qualifying seniors be accepted?”



Councilor Richard Marggraf



Councilor Anthony Rinaldi

Option for additional tax relief for seniors under clause **41C ½**

This cause is intended to replace the current adopted clause 41C. Under clause 41C ½ the qualifications needed for eligibility will be easier for residents to qualify for.

The comparison:

	41C	41C ½
Income Limit	\$30,966 (married)	\$57,000* (can be as high as \$88,000) Based on MA "circuit breaker"
Asset Limit	\$47,819 (married)	No Limit
Residency Req	10 Years	10 Years* (can be reduced to 5 years)
Age Min	70 years	70 Years* (can be reduced to 65 years)
Exemption Amount	\$500* (local option to up to double)	5% of avg residential value* (% can be adjusted from 5-20%) (also have the local option to double)

Impact: Fy 19 we had 39 qualifying residents under 41C granting approx. \$31,000 in tax relief exemptions. There were 390 people that qualified for the state circuit breaker last year, assuming 70% are home owners we could see approximately 273 qualify. Assuming this was adopted with a 10% exemption amount this would bring the minimum threshold to \$619.15, and opt not to include this in the local option to double the amount granted would be approx. \$169,000. If we allocated the difference to the overlay account this would add approximately 6-7 cents to the tax rate.

Total \$ class 1 Parcels (residential) *FY20 actual	\$2,164,600,164	Certified 2020 tax rate per thousand	\$17.18	Estimated Budget w/ overlay	\$43,113,241
Total # class 1 Parcels (residential) *FY20 actual	5,509				
		average residential tax bill	\$6,314.80	Amesbury Total Value	\$2,509,501.789
Average Residential Valuation FY 2020	\$367,567			Tax Rate	\$17.18000011
Number of applicants	390				

Exemption amount	Exemption Amount * Avg Residential Value	Average Exemption in \$'s	avg res tax bill after exemption	total tax impact (minus existing 41C)	tax rate if adopted	estimated rate increase
5%	\$18,378	\$315.74	\$5,999.06	92,138.62	17.22	0.04
6%	\$22,054	\$378.89	\$5,935.91	116,766.34	17.23	0.05
7%	\$25,730	\$442.04	\$5,872.76	141,394.07	17.24	0.06
8%	\$29,405	\$505.18	\$5,809.62	166,021.79	17.25	0.07
9%	\$33,081	\$568.33	\$5,746.47	190,649.52	17.26	0.08
10%	\$36,757	\$631.48	\$5,683.32	215,277.24	17.27	0.09
11%	\$40,432	\$694.63	\$5,620.17	239,904.97	17.28	0.10
12%	\$44,108	\$757.78	\$5,557.02	264,532.69	17.29	0.11
13%	\$47,784	\$820.92	\$5,493.88	289,160.41	17.30	0.12
14%	\$51,459	\$884.07	\$5,430.73	313,788.14	17.31	0.13
15%	\$55,135	\$947.22	\$5,367.58	338,415.86	17.31	0.13
16%	\$58,811	\$1,010.37	\$5,304.43	363,043.59	17.32	0.14
17%	\$62,486	\$1,073.52	\$5,241.28	387,671.31	17.33	0.15
18%	\$66,162	\$1,136.66	\$5,178.14	412,299.03	17.34	0.16
19%	\$69,838	\$1,199.81	\$5,114.99	436,926.76	17.35	0.17
20%	\$73,513	\$1,262.96	\$5,051.84	461,554.48	17.36	0.18

* FY20 Actual data source is Bill 2019-081

From: Jason DiScipio
Sent: Monday, August 5, 2019 2:48 PM
To: Evan Kenney
Subject: IMPACT ON AVG TAX BILL FOR ADOPTING 41C 1/2

Based on my calculations adopting 41c ½ at a 14% exemption amount would increase the average tax bill by 45.69.

Since this is funded through the overlay like other exemptions it should be noted this is on the average bill and would affect the tax rate (approx. 13cents) so obviously some would pay more and some would pay less.

Jason DiScipio

Chief Assessor, MAA

City of Amesbury, MA

P - [978-388-8102](tel:978-388-8102)

**Preliminary Senior Circuit Breaker Credit
Amesbury Tax Years 2001 - 2017**
(Source: DOR Statistics of Income)

Year	Number of Filers (claiming CB)	Amount of Credit Claimed	Average Credit
		\$ Dollars	\$ Dollars / Filing
2017	390	\$363,807	\$933
2016	368	\$345,957	\$943
2015	352	\$335,468	\$953
2014	326	\$295,781	\$907
2013	348	\$310,238	\$891
2012	321	\$281,722	\$878
2011	324	\$279,004	\$861
2010	342	\$281,663	\$824
2009	343	\$290,777	\$848
2008	305	\$243,014	\$797
2007	249	\$183,663	\$738
2006	259	\$198,147	\$765
2005	242	\$176,918	\$731
2004	219	\$155,276	\$709
2003	192	\$129,076	\$672
2002	145	\$95,779	\$661
2001	111	\$37,622	\$339

<https://www.mass.gov/service-details/dor-press-releases-and-reports>

Look at the "Senior Circuit Breaker Credit Usage by Town (2001-2017)"

Preliminary Senior Circuit Breaker Credit

Tax Year 2017

(Source: DOR Statistics of Income)

* = Towns where number of filers less than 5.
Preliminary, as of February 2019

Town	Number of Filers	Amount of Credit Claimed	Average Credit
	# Filers claiming CB	\$ Dollars	\$ Dollars / Filing
(001) Abington	332	\$307,649	\$927
(002) Acton	292	\$290,843	\$996
(003) Acushnet	242	\$214,402	\$886
(004) Adams	111	\$78,155	\$704
(005) Agawam	401	\$321,404	\$802
(006) Alford	*	*	*
(007) Amesbury	390	\$363,807	\$933
(008) Amherst	287	\$272,891	\$951
(009) Andover	455	\$444,565	\$977
(010) Arlington	968	\$940,370	\$971
(011) Ashburnham	97	\$93,497	\$964
(012) Ashby	43	\$36,939	\$859
(013) Ashfield	41	\$34,579	\$843
(014) Ashland	342	\$318,939	\$933
(015) Athol	104	\$85,038	\$818
(016) Attleboro	507	\$430,970	\$850
(017) Auburn	318	\$279,880	\$880
(018) Avon	92	\$85,719	\$932
(019) Ayer	88	\$70,075	\$796
(020) Barnstable	471	\$376,772	\$800
(021) Barre	60	\$48,813	\$814
(022) Becket	17	\$11,408	\$671
(023) Bedford	270	\$273,526	\$1,013
(024) Belchertown	160	\$136,480	\$853
(025) Bellingham	233	\$194,649	\$835
(026) Belmont	321	\$314,681	\$980
(027) Berkley	81	\$78,067	\$964
(028) Berlin	52	\$49,876	\$959
(029) Bernardston	59	\$48,119	\$816
(030) Beverly	895	\$816,591	\$912
(031) Billerica	709	\$631,240	\$890
(032) Blackstone	158	\$131,255	\$831
(033) Blandford	13	\$7,336	\$564
(034) Bolton	70	\$69,349	\$991
(035) Boston	2,551	\$2,130,668	\$835
(036) Bourne	340	\$285,414	\$839
(037) Boxborough	62	\$60,742	\$980
(038) Boxford	101	\$101,083	\$1,001
(039) Boylston	68	\$63,056	\$927
(040) Braintree	631	\$553,788	\$878
(041) Brewster	146	\$122,352	\$838
(042) Bridgewater	312	\$281,161	\$901
(043) Brimfield	49	\$41,613	\$849
(044) Brockton	1,084	\$939,682	\$867
(045) Brookfield	46	\$38,682	\$841
(046) Brookline	286	\$273,724	\$957
(047) Buckland	7	\$5,866	\$838
(048) Burlington	484	\$422,101	\$872
(049) Cambridge	317	\$280,887	\$886
(050) Canton	419	\$387,418	\$925
(051) Carlisle	65	\$64,710	\$996
(052) Carver	137	\$122,977	\$898
(053) Charlemont	43	\$37,159	\$864
(054) Charlton	83	\$68,440	\$825
(055) Chatham	63	\$43,512	\$691
(056) Chelmsford	912	\$879,327	\$964
(057) Chelsea	174	\$146,764	\$843
(058) Cheshire	27	\$17,868	\$662



Christopher C. Harding
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

Informational Guideline Release

Bureau of Municipal Finance Law
Informational Guideline Release (IGR) No. 18-5
April 2018

①

SOCIAL SECURITY DEDUCTION
FOR
FISCAL YEAR 2019

(G.L. c. 59, § 5, Clause 41, 41B or 41C)

This Informational Guideline Release (IGR) informs assessors of the social security deduction to be used in determining exemption eligibility in Fiscal Year 2019 under Clauses 41, 41B or 41C.

Topical Index Key:

Exemptions

Distribution:

Assessors

Supporting a Commonwealth of Communities

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SOCIAL SECURITY DEDUCTION
FOR
FISCAL YEAR 2019

(G.L. c. 59, § 5, Clause 41, 41B or 41C)

The Commissioner of Revenue has determined the allowable deduction from federal social security or railroad retirement, and from federal, Massachusetts or Massachusetts political subdivision employee pensions, annuities or retirement plans for the purposes of computing gross receipts under [General Laws Chapter 59, Section 5, Clauses 41, 41B or 41C](#). The deduction is increased annually by the cost of living adjustment (COLA) made for social security benefits distributed as of January first.

①

Social security benefits were adjusted by 2.0%. Therefore, the amount to be deducted by the assessors when computing gross receipts for applicants seeking FY2019 exemptions under Clauses 41, 41B or 41C has been increased by 2.0% above the amount allowed for FY2018.

GUIDELINES:

A. FULL YEAR RECIPIENTS

The following amounts should be deducted when computing the gross receipts for applicants who received income from Federal social security or railroad retirement, or from government employee pensions, annuities or retirement plans for all of 2017:

Annual Minimum Payments 2017

Worker	\$4,628
Spouse	<u>2,314</u>
	\$6,942

B. PARTIAL YEAR RECIPIENTS

For applicants who received income from those sources for only a part of 2017, the following amount for each month for which the income was received should be deducted, provided that the total amount deducted does not exceed the total amount of such payments received:

Monthly Minimum Payments 2017

Worker	\$390
Spouse	<u>198</u>
	\$588



Department of Revenue | Commonwealth of Massachusetts

Form 1 2018 Massachusetts Resident Income Tax

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Mass.gov/eFile

Before using paper, consider

eFile



Fast — Filing electronically, rather than on paper, can mean much faster processing of your refund and money in your account sooner.



Accurate — Generally, there are fewer errors on electronic filings than paper forms. Online programs make it easy to ensure you don't miss anything important.



Ecofriendly — A great majority of Massachusetts taxpayers file electronically. Help us to continue reducing our carbon footprint.



Affordable — About 70% of Massachusetts taxpayers qualify for free filing. See if you're eligible.

2

Major 2018 Tax Changes

Filing Due Dates

Form 1 is due on or before April 17, 2019. In Massachusetts, April 15, 2019 is Patriot's Day, a legal holiday in the Commonwealth. In Washington, D.C., Emancipation Day, observed on April 16, 2019 is a legal holiday. Therefore, the Internal Revenue Service (IRS) has announced that because of these two legal holidays, Massachusetts residents' federal tax returns that would normally be due on April 15, 2019 will be treated as timely if filed on or before April 17, 2019. For Massachusetts tax purposes, returns, payments made with returns, and estimated payments otherwise due on April 15, 2019 will be treated as timely if they are filed and/or paid on or before April 17, 2019.

2018 Personal Income Tax Rates

Effective for tax years beginning on or after January 1, 2018, the tax rate on most classes of taxable income remains unchanged at 5.1%. The tax rate on short-term gains from the sale or exchange of capital assets and on long-term gains from the sale or exchange of collectibles (after a 50% deduction) remains at 12%.

Penalty for Failure to Obtain Health Insurance

Massachusetts requires most adults 18 and over with access to affordable health insurance to obtain it. In 2018, individuals must be enrolled in health insurance policies that meet minimum creditable coverage standards defined in regulations adopted by the Commonwealth Health Insurance Connector Authority (Health Connector). Individuals who are deemed able to afford health insurance but fail to obtain it are subject to penalties for each month of noncompliance in the tax year (provided that there is no penalty in the case of a lapse in coverage of 63 consecutive days or less). The monthly penalties, which will be imposed through the individual's personal income tax return, are set out in Technical Information Release (TIR) 18-2 and are based on half of the minimum monthly insurance premium for which an individual would have qualified through the Health Connector.

Schedule HC, Health Care Information, must be completed by all full-year and certain part-year residents age 18 and over to notify DOR whether or not they had health insurance for each month of 2018. Taxpayers who did not have coverage for all of 2018, or had a gap in coverage of four or more consecutive months will need to determine if they had access to affordable health insurance (through an employer, the government, or on their

own) using worksheets and tables available for this purpose. If it is determined that a taxpayer could have afforded health insurance, the taxpayer has the right to appeal the application of the penalty due to hardship by requesting an appeal to the Connector on the Schedule HC.

For more information about the health care reform law, including the Department's regulation at 830 CMR 111M.2.1, Health Insurance Individual Mandate; Personal Income Tax Return Requirements, or the Health Connector's regulation at 956 CMR 6.00, Determining Affordability for the Individual Mandate, see the Health Connector's website at mahealthconnector.org or the Department's website at mass.gov/dor.

Annual Update of Circuit Breaker Tax Credit

Taxpayers age 65 or older who own or rent residential property located in Massachusetts are allowed a credit equal to the amount by which their real estate tax payments, or 25% of the rent constituting a real estate tax payment, exceeds 10% of the taxpayer's total income, not to exceed \$1,100. The amount of the credit is subject to limitations based on the taxpayer's total income and the assessed value of the real estate, which for tax year 2018 must not exceed \$778,000.

For purposes of calculating the credit, total income and maximum credit thresholds are adjusted annually. For tax year 2018, an eligible taxpayer's total income cannot exceed \$58,000 in the case of a single filer who is not a head of household filer; \$73,000 for a head of household filer; and \$88,000 for joint filers. In order to qualify for the credit, a taxpayer must be age 65 or older and must occupy the property as his or her principal residence. See TIR 18-10.

Employer-Provided Parking, Transit Pass, and Commuter Highway Vehicle Benefits Exclusion Amounts

Massachusetts adopts Internal Revenue Code (Code, or IRC) § 132(f) as amended and in effect on January 1, 2005, which excludes from an employee's gross income (subject to a monthly maximum) employer-provided parking, transit pass, and commuter highway vehicle transportation benefits. For tax year 2018, the IRS has calculated, based on inflation adjustments contained in IRC § 132(f) as set forth in the January 1, 2005 Code, the 2018 monthly exclusion amounts of \$260 for employer-provided parking and \$135 for combined transit pass and commuter highway vehicle transportation benefits. Massachusetts adopts these 2018 monthly exclusion amounts as they are based on the January 1, 2005 Code. See TIR 17-12.

Changes Related to Federal Tax Reform

As a general rule, Massachusetts does not adopt any federal personal income tax law changes incorporated into the IRC after January 1, 2005. However, certain specific Massachusetts personal income tax provisions, as set forth in MGL ch 62, § 1(c), automatically conform to the current IRC. Provisions of the IRC Massachusetts adopts on a current basis are:

- ▶ Roth IRAs;
- ▶ IRAs;
- ▶ The exclusion for gain on the sale of a principal residence;
- ▶ Trade or business expenses;
- ▶ Travel expenses;
- ▶ Meals and entertainment expenses;
- ▶ The maximum deferral amount of government employees' deferred compensation plans;
- ▶ The deduction for health insurance costs of self-employed taxpayers;
- ▶ Medical and dental expenses;
- ▶ Annuities;
- ▶ Health savings accounts;
- ▶ Employer-provided health insurance coverage;
- ▶ Amounts received by an employee under a health and accident plan; and
- ▶ Contributions to qualified tuition programs.

See TIRs 98-8, 02-11, 02-18, 07-4 and 09-21 for further details.

On December 22, 2017, Public Law 115-97, commonly known as the Tax Cuts and Jobs Act (TCJA), was signed into law. The TCJA provides for federal changes to a variety of provisions in the IRC that affect the personal income tax. The following explains some of the Massachusetts personal income tax treatment of various changes in the TCJA.

Internal Revenue Code Provisions Massachusetts Adopts

Certain Combat Zone Compensation (IRC § 112)

Compensation received by certain military personnel for services performed in designated combat zones is excluded from federal gross income. Under the TCJA, the Sinai Peninsula of Egypt is treated as a combat zone as of June 9, 2015 for purposes of IRC § 112. Massachusetts adopts this change because of the way in which Massachusetts conforms to IRC § 112.