



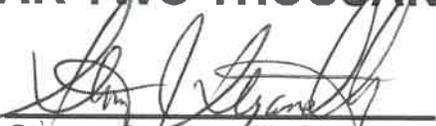
RECEIVED

21 MAR -1 AM 10: 01

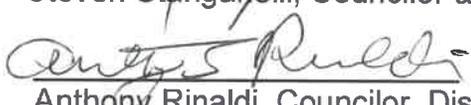
AMESBURY CITY CLERK

**CITY OF AMESBURY
IN THE YEAR TWO THOUSAND TWENTY-ONE**

SPONSORED BY:


Steven Stanganelli, Councilor-at-Large

BILL No. 2021-044


Anthony Rinaldi, Councilor, District 2


Michael Hogg, Councilor, District 6

An Ordinance to Establish the Higher Senior Tax Exemption Program (STEP), a Means-Tested Senior Citizen Property Tax Exemption

Summary:

An Ordinance to establish a means-tested senior citizen property tax exemption based on the Massachusetts Senior Circuit Breaker Tax Credit.

Whereas, it is a public policy goal to promote affordability and provide tax relief for senior citizens seeking to age in place as long-standing residents of the City; and

Whereas, the City of Amesbury Housing Production Plan (2018-2022) notes that the distribution of the City's population that is over age 65 is projected to increase from approximately 13% in 2015 to 30% by 2035 (see page 14); and

Whereas, the number of households at age 65+ living alone is estimated at 579 in 2015 or 8% of all households (see Housing Production Plan page 18); and

Whereas, Amesbury, at 71% of 7,055 households, has a higher percentage of homeowners than renters compared to the Merrimack Valley Region, Essex County, and Massachusetts as a whole (see Housing Production Plan page 19); and

Whereas, owner-occupied households with senior householders (age 65 years and over) have an estimated median income of \$40,052 (in 2015) which is less than half the median income of younger cohorts at \$93,919 (see Housing Production Plan page 21); and 128 senior householders live below the federal poverty thresholds out of a population of 16,687; and

Whereas, a key strategy identified in the City's Housing Production Plan is to provide direct support for lower income homeowners struggling with housing costs (Housing Production Plan page 55);

so, therefore,

Be it Ordained by the City Council of the City of Amesbury assembled and by the authority of the same, as follows:

That the City of Amesbury shall adopt a means-tested property tax exemption for senior citizens as follows:

SECTION 1. With respect to each qualifying parcel of real property classified as class one, residential in the City of Amesbury there shall be an exemption from the property tax in an amount to be set annually by the City Council as provided in section 3. The exemption shall be applied to the domicile (i.e. primary residence) of the taxpayer only. For the purposes of this act, "parcel" shall be a unit of real property as defined by the board of assessors under the deed for the property and shall include a condominium unit. The exemption provided for herein shall be in addition to any and all other exemptions allowed by the General Laws.

SECTION 2. Real property shall qualify for the exemption under Section 1 if all of the following criteria are met:

- (a) The qualifying real property is owned and occupied by a person who qualified and received the circuit breaker income tax credit the previous year under section 6(k) of chapter 62 of the General Laws;
- (b) The qualifying real property is owned by a single applicant age 65 or older at the close of the previous year or jointly by persons either of whom is age 65 or above at the close of the previous year and if the joint applicant is 60 years of age or older;
- (c) The qualifying real property is owned and occupied by the applicant or joint applicants as their domicile;
- (d) The applicant or at least one of the joint applicants has been domiciled and owned a home in the City of Amesbury for at least the 10 consecutive years preceding the filing of an application for the exemption;
- (e) The maximum prior year assessed value of the domicile is no greater than the prior year's maximum assessed value for qualification for the circuit breaker income tax credit under Section 6(k) of chapter 62 of the General Laws as adjusted annually by the Department of Revenue; and
- (f) The board of assessors has approved the application.

SECTION 3. The City of Amesbury's Board of Assessors shall annually set the exemption amount provided for in section 1 at 150% of the amount of the circuit breaker income tax credit under section 6(k) of chapter 62 of the General Laws for which the applicant received

in the previous year. The total amount exempted by this act shall be allocated proportionally within the tax levy on all residential taxpayers.

SECTION 4. A person who seeks to qualify for the exemption under Section 1 shall, before the deadline established by the board of assessors, file an application, on a form to be adopted by the board of assessors, with the supporting documentation of the filed income tax return of the applicant showing the Circuit Breaker tax credit. The application shall be filed each year for which the applicant seeks the exemption.

SECTION 5. No exemption shall be granted under this act until the Department of Revenue certifies a residential tax rate for the applicable tax year where the total exemption amount is raised by a burden shift within the residential tax levy.

SECTION 6. The Mayor is authorized to file a Home Rule Petition with the State Legislature if such a step is needed to implement this ordinance.

SECTION 7. This act shall take effect in the next fiscal year after passage of this Home Rule Petition.

NOTE – Reference

The MA DOR Senior Circuit Breaker Tax Credit is set at \$1,150 for TY2020 and typically increases by \$50 per tax year. Other criteria can be found on the official website.

<https://www.mass.gov/service-details/senior-circuit-breaker-tax-credit>

Amesbury – Senior Circuit Breaker Credit: TY2018 (source: DOR Statistics of Income)

	All Tax Filers	Circuit Breaker (CB) Filers	Amount of CB Credit Claimed (\$\$)	Average CB Credit (\$\$) \$ / Filing #
TY2018	8,703	372	\$357,414	\$961
TY2017		380	\$354,540	\$933

Projected Utilization Rate:

- Amesbury 2-yr avg CB Filing Rate: 376
- 30% of CB Filers (likely, based on 4-year history in Reading): 113 ¹
 - Reallocation within levy for residential class: \$108,600
- 50% of CB Filers (based on a “moderately high use case”): 188
 - Reallocation within levy for residential class: \$180,700
- 100% of CB Filers (based on “highest use case”): 376
 - Reallocation within levy for residential class: \$361,400

NOTE: CB Filers include homeowners and renters (data breakdown not available); MA DOR cannot determine how many CB filers have been residents of Amesbury for 10 years or more;

Conclusion: It is highly likely that the number of CB filers who may qualify for the proposed property tax exemption will be less than the total because of the qualification criteria for homeownership and ten year minimum residency. The average for the communities with the longest use of this program (Reading and Wakefield) indicate a utilization rate of 27%+/- of CB filers. At the 150% of CB Tax Credit level, the average qualifying applicant may expect a 12% to 13% reduction compared to the current average Amesbury residential tax bill. (In Reading, the average exemption works out to be 20% but the tax bills are lower.) ¹

Source:

Donnete Benvenuto, MA DOR – Division of Local Services, Data Analytics & Research Bureau (617) 626-2360 / benvenuto@dor.state.ma.us

Model Legislation – Chapter 97

<https://malegislature.gov/Laws/SessionLaws/Acts/2020/Chapter97>

Footnote 1: Source Contact (interview, 1/14/2021):

Victor Santaniello, Assessor, Town of Wakefield and Reading (781) 246-6380

Sample Exemption Form: City of Salem (based on Town of Wakefield)

https://www.salem.com/sites/g/files/vyhlf3756/f/uploads/step_application_fillable.pdf.pdf