



# Home Rule Petition for Senior Means-Tested Property Tax Exemption

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FEBRUARY 2025



# Our Goal

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Provide Milton's senior homeowners with a method of property tax relief that is meaningful and:

- Easy to understand
- Easy to administer
- Easy to apply for
- Easy to provide



# What does “Means-Tested” mean?

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Using some criteria to measure the sum of a person's assets to determine if he/she qualifies for a tax exemption.



# State Senior Circuit Breaker Tax Credit

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Maximum State Tax Credit: \$2,730 (Tax Year 2024)

## Requirements for Eligibility

- You must be a Massachusetts resident or part-year resident.
- You must be 65 or older by December 31 of the tax year.
- You must file a Schedule CB with your Massachusetts personal income tax return.
- You must own or rent residential property in Massachusetts and occupy it as your primary residence.
- For tax year 2024, your total Massachusetts income doesn't exceed:
  - \$72,000 for a single individual who is not the head of a household.
  - \$91,000 for a head of household.
  - \$109,000 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.
- If you are a renter, 25% of your annual Massachusetts rent must exceed 10% of your total Massachusetts income for the tax year.
- The assessed valuation of the homeowner's personal residence as of January 1, 2024, before residential exemptions but after abatements, cannot exceed \$1,172,000.



# What are we proposing?

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Use the Circuit Breaker eligibility from the state income taxes as the means-tested requirement for Milton.

Annual application process to affirm eligibility.

- Eligibility criteria would match the state program with additions:
  - Include a 10-year residency requirement in Milton
  - No other significant assets
  - Trust documents will be reviewed to confirm eligibility

All taxpayers share in reducing burden for vulnerable seniors.

Percentage match to be set by the Select Board



# Means-Tested Senior Property Tax Relief Program: Do other communities do it?

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- Arlington
- Andover
- Brookline
- Concord
- Harvard
- Hingham
- Hopkinton
- Holliston
- Lunenburg (Passed this year)
- Melrose
- Mendon (Proposed)
- Norwell (Passed this year)
- Reading
- Shutesbury
- Sudbury
- Wakefield
- Westford (3 year pilot)



# Milton Senior Property Tax Relief Program - Impacts

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Allows seniors who have contributed to the community over time to age in place

Proposal does not lower revenue collected by town in property taxes

In 2022 (most recent available info from DLS):

- 415 filers in Milton
- \$468,683 in credit claimed by taxpayers
- \$1,129 average credit

Anticipated usage would be 140-200 filers.



# Milton Senior Property Tax Relief Program – What does it cost?

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## Hypothetical:

- Average Assessed Value: \$1,000,000
- Average Tax Bill: \$10,420
- Tax Shift Across Milton \$259,000
  - 100 eligible applications at 100% match
  - \$2,590 is maximum credit from the state

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- Average increase in taxes ~\$30/tax bill





# Appendix

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# Property Tax Exemptions

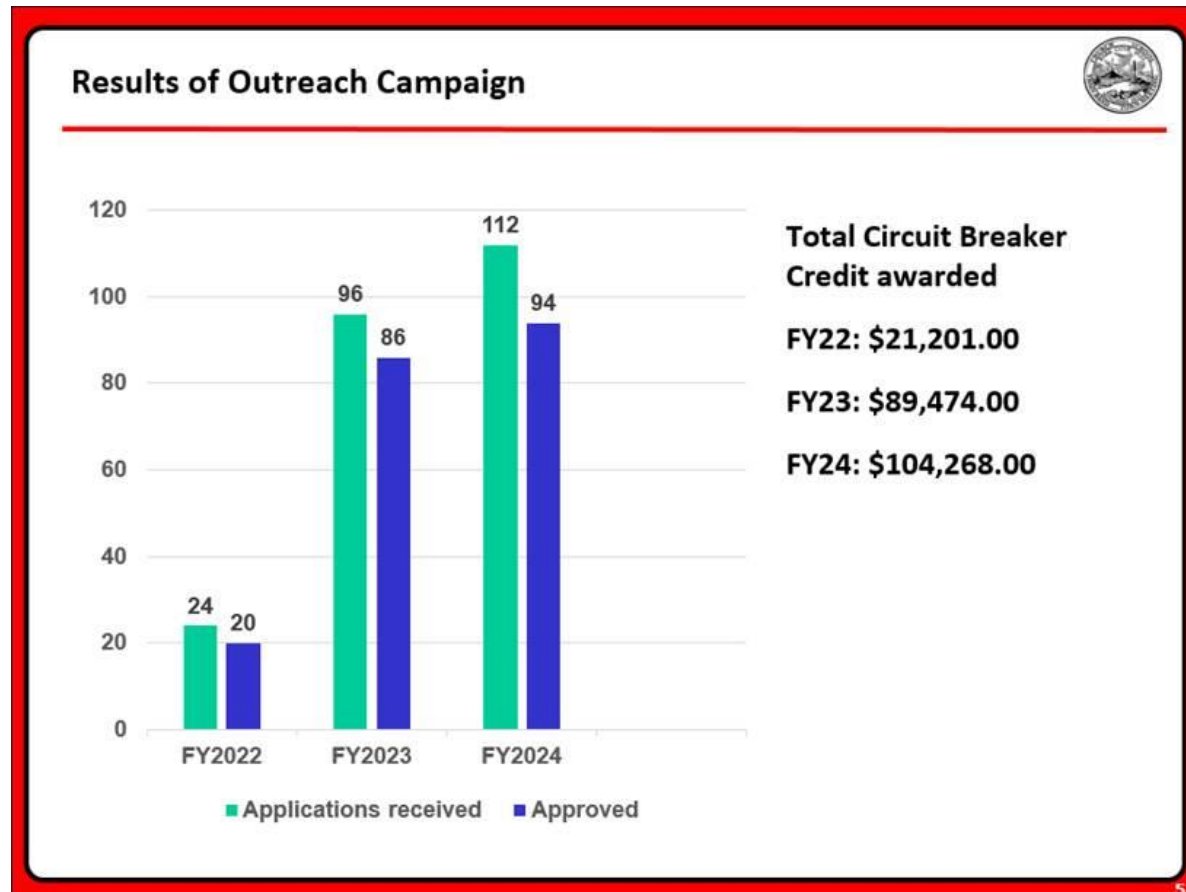
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## Statutory Exemptions

- Elderly Exemption (41D)
- Seniors, Surviving Spouses & Minors (17E)
- Blind (37A)
- Veterans
- Tax Deferral (41A)
- Community Preservation Act exemption



# Milton Senior Property Tax Relief Program – Hingham Impact



Hingham had 445 filers for the state circuit breaker in 2022 and only 24 applications

Outreach campaign drove up numbers but still only approximately a quarter of filers applied for the town exemption

# CALCULATION EXAMPLE



HOMEOWNER	
Real Estate Tax Paid	\$4,200
Water & Sewer = \$1,600 ½ of this Amount	<u>+\$800</u> \$5,000
Income = \$40,000 10% of this Amount	<u>-\$4,000</u>
<b>Circuit Breaker Credit =</b>	<b>\$1,000</b>

RENTER	
Rent Paid = \$18,000 25% of this Amount	\$4,500
Total Income = \$40,000 10% of this Amount	<u>-\$4,000</u>
<b>Circuit Breaker Credit</b>	<b>\$500</b>