

Fiscal Year 2014

Property Tax Relief Programs



The Selectmen's Tax Deferral and Exemption Study Committee
Co-Chairs Vicki Blier and Patricia Costello

Robert Addelson, Assistant Town Manager for Finance

Assessor's Office
Robert F. Lent, Director of Assessing
Elaine Melahouris
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Human Services
Charlotte Rodgers, Director

Local Property Tax Exemptions

You may qualify for one of the following property tax exemptions. Since only one of these exemptions is allowed each year, choose the one that provides the maximum benefit for you:

✓ CHOOSE ONLY ONE:

Elderly Person Over 65 (Clause 41C) *

If your Income and assets are low-to-moderate, you may qualify for a \$1,000 property tax exemption.

See pages 3 and 4 for detailed information and help in determining if you qualify.

Elderly Person 70 or Older/Surviving Spouse/Minor Child of Deceased Parents (Clause 17D) *

If your income is too high for the 41C exemption but you have low assets, you might qualify for a \$175 property tax exemption.

- 70 or older by July 1 of tax year or surviving spouse of any age
- Value of Whole Estate (not including your primary residence in Lexington) must not exceed \$40,000. There is no income limit.
- Home must have been owned and occupied as your principal residence for past 5 years.

Contact Assessor's Office at 781-862-0500 X 315 for application

Disabled Veterans, Certain Medal Winners, and Certain Survivors (Clauses 22A – E) *

A wide range of exemptions is available to veterans of the armed services

See detailed information on page 5

Blind Persons (Clause 37A) *

If you are blind, you may qualify for a \$500 reduction in your property tax

- You must own and occupy Lexington property as your primary residence
- You must be registered with the Mass. Commission of the Blind prior to July 1, 2013 and provide a certificate every year with an issue date after July 1 of each fiscal year.

Contact Assessor's Office at 781-862-0500 X 315 for application

Surviving Spouse of Police Officer or Firefighter (Clause 42) *

If your spouse was killed in the line of duty, and you have not remarried, you may qualify for a total exemption from your property tax.

- Property must be owned and occupied as your primary residence

Contact Assessor's Office at 781-862-0500 X 315 for application

Hardship Exemption (Clause 18) or Temporary Tax Deferral (Clause 18A) *

If you have severe hardship due to age, infirmity and poverty, you may qualify for a special hardship exemption. (Clause 18)

If you have financial hardship from a change to active military status (not including initial enlistment), unemployment, illness or other reason, you may qualify for the Clause 18A Temporary Tax Deferral.

- Three years of deferrals are allowed, and must be paid back with interest at 8% over a five year period starting two years after the last deferral.
- These exemptions and deferrals are granted at the sole discretion of the Board of Assessors.

Contact Assessor's Office at 781-862-0500 X 315 for application

* Further limitations may apply. Contact Assessor's Office for complete details.

If your home is held in trust, you must provide a copy of the trust showing that you are a trustee and a copy of the schedule of beneficiaries showing that you have a beneficial interest. Both the trust and the schedule of beneficiaries must be recorded at the Registry of Deeds.

Other Property Tax Programs

These four programs are available to anyone who qualifies, including those who benefit from a “CHOOSE ONLY ONE” exemption on Page 1

Administered by the Assessor’s Office:

Senior Tax Deferral (Clause 41A)

If you have low-to-moderate income, you may qualify to postpone paying your property tax until your house is sold or conveyed.

- Deferrals free up your income for any desired use.
- You are protected - you will never have to sell or move due to taxes deferred under this program.

See the detailed information on pages 6 and 7

Exemption from the 3% Community Preservation Fund Surcharge

Taxpayers of all ages who have low-to-moderate income, may qualify for an exemption from the Community Preservation Act property tax surcharge.

See detailed information on page 8

Administered by the Lexington Council on Aging

Senior Service Program

A limited number of low-to-moderate income seniors with needed skills can provide service to the town in exchange for a reduction to their property tax.

- Age 60 and older
- Income up to \$53,000 single, and \$55,000 married
- Selective program matches skill and ability to department needs
- Single taxpayer may earn a maximum of \$1,045. A two person household may earn up to \$1,330.

Contact the Senior Center at 781-861-0194 for more information

Administered by the State

State Senior Circuit Breaker Tax Credit

Senior renters or homeowners with low-to-medium incomes may qualify for direct payment or tax credits from the State.

See the detailed information sheet on page 9

Detailed Information for Fiscal Year 2014
Income and asset limits increase annually with a cost of living adjustment

Property Tax Exemption for Person Over 65
(Clause 41C)

**If your income and assets are low to moderate, you may qualify
for a \$1,000 exemption from your Property Tax**

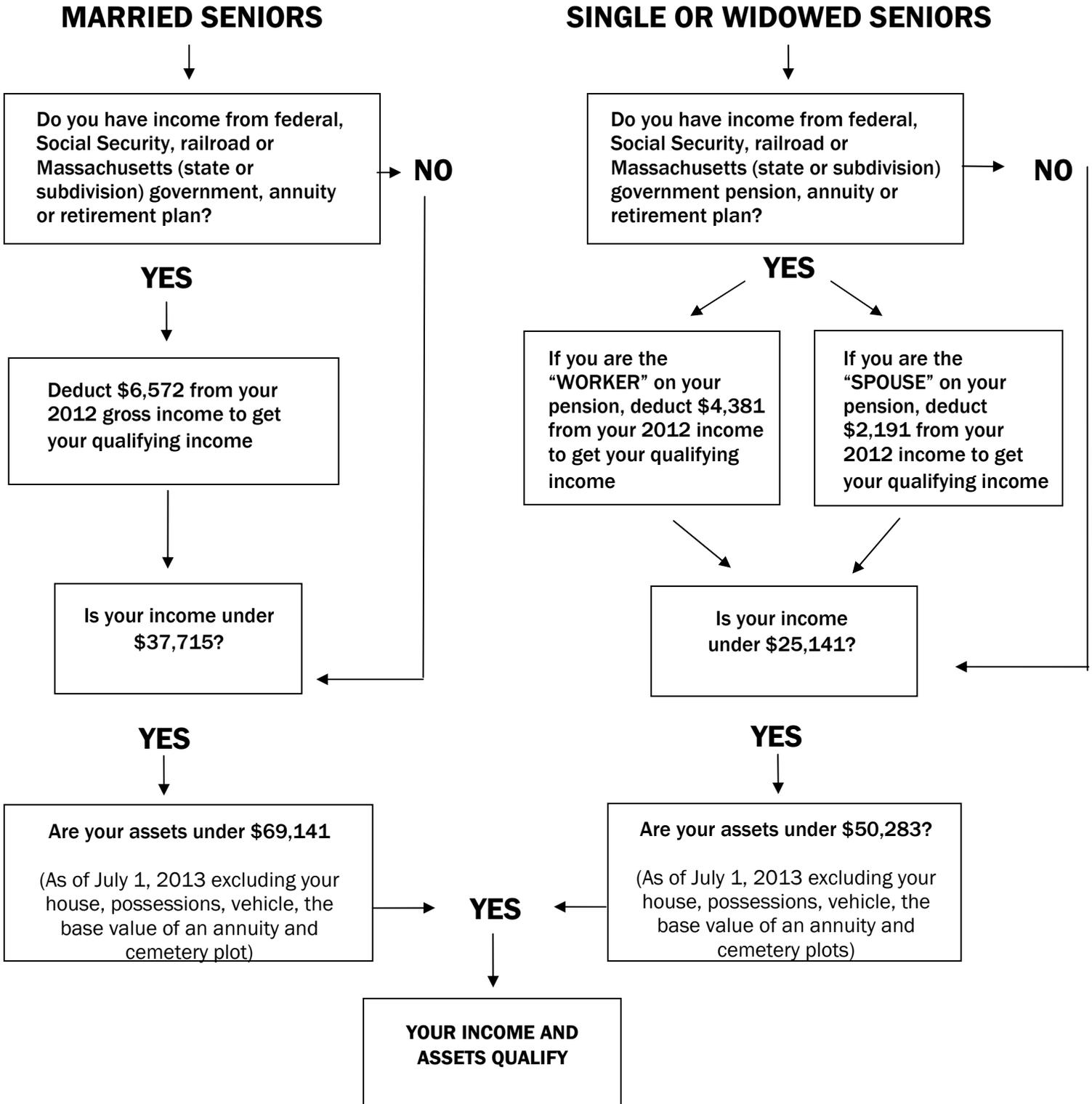
Age	You or your spouse must be 65 or older on July 1, 2013 for Fiscal Year 2014
Benefit	\$1,000 reduction in property tax. Does not have to be repaid.
Income	<ul style="list-style-type: none"> • Your total gross income must be under \$25,141*, single, or \$37,713* married, for Fiscal Year 2014 (before the Social Security Deduction*). • Your income from 2012 is used to qualify for Fiscal Year 2014 exemptions. <p>* A deduction (called the “Social Security Deduction”) is allowed if you have income from Social Security, Railroad Retirement, or federal, Massachusetts (and political subdivisions) employee pensions, annuities, or retirement plans.</p> <ul style="list-style-type: none"> - The FY2014 “Social Security Deduction” is: Worker: \$4,381 Spouse: \$2,191 as determined annually by the state. <p>See worksheet on next page.</p>
Assets	<ul style="list-style-type: none"> • Your Whole Estate must be under \$50,285 for single homeowners, \$69,141 for married homeowners. • Whole Estate includes: <ul style="list-style-type: none"> - Total of all savings accounts, checking accounts, certificates of deposit, IRA accounts, stocks and bonds as of July 1, 2013 - Any real estate other than your Lexington primary residence. • Your primary residence, vehicles, personal effects and cemetery plots are not counted or included.
Ownership and Residency	<ul style="list-style-type: none"> • Massachusetts must have been your <i>state of primary residence</i> for the past ten years as of July 1, 2013 • You must have <i>owned and occupied</i> your current home for the past five years as of July 1, 2013 • If your home is held in trust, you must provide a copy of both the trust and the schedule of beneficiaries showing that you are a trustee and have a beneficial interest. Both the trust and the schedule of beneficiaries must be recorded at the Registry of Deeds • If you are a joint owner with a non-spouse or your home is a multi-unit dwelling, contact the Assessor’s office for further information
To Apply	Contact the Assessor’s office at 781-862-0500 X 315 for an application. Filing deadline for FY2013 is three months after the first <u>actual</u> (not preliminary) tax bill is mailed (on or about January 1 st).

Further limitations may apply. Contact Assessor’s Office for complete details.

If your home is held in trust, you must provide a copy of the trust showing that you are a trustee and a copy of the schedule of beneficiaries showing that you have a beneficial interest. Both the trust and the schedule of beneficiaries must be recorded at the Registry of Deeds.

Use This Tree

to see if your Income and Assets Qualify for the FY2014 Property Tax Exemption for Person over 65 (Clause 41C)



Detailed Information for Fiscal Year 2014

Property Tax Exemptions for Veterans

Benefits honorably discharged veterans who were Massachusetts residents for six months before entering service or for five consecutive years before the current tax year.

FY2014 exemptions are based on veteran status as of July 1, 2013

Clause 22	<ul style="list-style-type: none"> • Veterans with VA certificate showing at least 10% disability. Veterans of the Lebanese peace keeping force or Granada rescue mission must show receipt of a campaign medal. • Veterans of Spanish War, Philippine and Chinese Expeditions with discharge other than dishonorable • Veterans having the Purple Heart • Spouses who haven't re-married, whose wife or husband qualified for this or any of the Clause 22 exemptions OR whose spouse lost his or her life in service. • Parents of soldiers or sailors who lost their lives in service. Natural, adopting, and parents who stood in loco parentis for one year prior to the time that the deceased entered service qualify. To establish status as in loco parentis, affidavits from two disinterested parties who are not relatives must be submitted. 	\$400.
Clause 22A	<ul style="list-style-type: none"> • Veterans who have permanent loss of use of one foot, one hand, or sight of one eye • Recipients of the Congressional Medal of Honor, The Distinguished Service Cross, the Air Force Cross or the Navy Cross 	\$750.
Clause 22B	<ul style="list-style-type: none"> • Veterans who have lost or have suffered permanent loss of use of both feet, both hands, or sight of both eyes. 	\$1,250.
Clause 22C	<ul style="list-style-type: none"> • Veterans who are entitled to specially adapted housing as a result of service related disability. 	\$1,500.
Clause 22D	<ul style="list-style-type: none"> • Surviving spouses of service members or guardsmen who died from injury or disease due to being in combat zone, or who are missing in action and presumed dead due to combat. 	\$2,500.
Clause 22E	<ul style="list-style-type: none"> • Veterans with yearly certificate from the VA indicating 100% disability. • Benefit continues for surviving spouses who have not remarried. Certificate is not required of surviving spouse. (This is the only veteran's exemption that requires a yearly certificate) 	\$1,000.
PAR	<ul style="list-style-type: none"> • Paraplegics and their surviving spouses. 	100%

To Apply: Contact the Assessor's Office at 781-862-0500 X 315.

Filing deadline for FY2014 is three months after the first actual (not preliminary) tax bill is mailed (on or about January 1st).

Further limitations may apply. Contact Assessor's Office for complete details.

If your home is held in trust, you must provide a copy of the trust showing that you are a trustee and a copy of the schedule of beneficiaries showing that you have a beneficial interest. Both the trust and the schedule of beneficiaries must be recorded at the Registry of Deeds.

Detailed Information for Fiscal Year 2014

Property Tax Deferrals (Clause 41A)

and associated Water and Sewer Deferrals under Ch. 40, Sec. 42 and Ch. 83, Sec. 16G

LET THE VALUE OF YOUR HOUSE PAY YOUR PROPERTY TAX

Age	You or your spouse must be 65 or older on July 1, 2013 for the Fiscal Year 2014.
Benefit	<ul style="list-style-type: none">• Payment of any or all of your property tax and water/sewer charges can be postponed until the home is sold, conveyed, transferred to a trust, you or your surviving spouse die, or until you choose to pay off the deferral.• You can never be forced to move or sell your home under this program.• Use any single property tax exemption for which you qualify <u>first</u> and then defer all or part of the rest of your property tax.• <u>The fixed interest rate for FY2014 deferrals is 0.15% (simple interest)</u>
Income and Assets	<ul style="list-style-type: none">• Up to \$65,000 gross income, married or single based on 2012 income.• No asset restrictions.
Ownership and Residency	<ul style="list-style-type: none">• Massachusetts must have been your state of primary residence for the past 10 years as of July 1, 2013.• You must have owned and occupied a home anywhere in Massachusetts for the past five years as of July 1, 2013.• Please note: Every other person with any legal or beneficial interest in the property must give written approval for the deferral (e.g. co-owners, banks that hold a mortgage, home equity loan, second mortgage, etc.) via a Tax Deferral Agreement Form.
Other limits	<ul style="list-style-type: none">• Property taxes can be deferred to a maximum cumulative total of half the value of your home.... many decades of potential deferral.• Upon the death of you or your surviving spouse or upon the transfer of the home's ownership, the annual interest rate on the amounts owed will increase to 16% until paid.
To apply	<ul style="list-style-type: none">• Contact the Assessor's office at 781-862-0500 X 315. Filing deadline for FY2014 is three months after the first actual tax bill is mailed (on or about January 1st).• After qualifying for the Property Tax Deferral, contact the Board of Selectmen at 781-862-0500 X 208 to apply for <u>deferral of water/sewer charges</u>.

How it works:

- Each year's deferral is like an individual loan for that year's tax amount at that year's interest rate. It is a fair rate, generally 3% below the Prime Rate, and by law, can never be higher than 8%. During your lifetime and that of your surviving spouse, and as long as you own your home, the interest for the amount you defer in FY2014 will never be higher than 0.15% .
- As long as you or your surviving spouse continue to qualify, you may enter into new deferral agreements for any subsequent year's property tax and water/sewer charges at the interest rate set for that year.

Why is this an attractive option?

Tax deferrals are a safe and inexpensive way to free up some of your income. Using the equity in your home to pay your property tax and water/sewer charges will allow you to enjoy the use of thousands of dollars that would otherwise have gone to paying those bills.

Further limitations may apply. Contact Assessor's Office for complete details.

If your home is held in trust, you must provide a copy of the trust showing that you are a trustee and a copy of the schedule of beneficiaries showing that you have a beneficial interest. Both the trust and the schedule of beneficiaries must be recorded at the Registry of Deeds.

Property Tax Deferral Example

In 2014, a senior couple owning a \$550,000 house decided to start deferring their entire property tax bill every year. In Year Seven, they decide to sell the house and move into an assisted living facility.

Fiscal Year	House Value Projected appreciation rate at 1/3 of the historic rate of past 10 years	100% of Property Tax Deferred Assumes that taxes increase at same 6.9% rate as past 10 years. Rate includes all past overrides and debt exclusions.	Deferral Interest Rate Simple interest rate: 2014 to 2018 is an estimate based on average of One Year Constant Maturity Treasury Rate as of March of last 10 years.	Deferred Tax Plus Interest Total from Year 1 until house is conveyed in Year 6
2014	\$ 550,000	\$ 8,913	0.15%	\$ 8,987
2015	559,017	9,502	1.73%	10,251
2016	568,183	10,130	1.73%	10,753
2017	577,498	10,800	1.73%	11,277
2018	586,966	11,514	1.73%	11,823
2019	596,590	12,276	1.73%	12,392



House Value when sold:	\$ 596,590
Minus total cost of deferral:	<u>65,481</u>
Equals equity left for use by Senior:	\$ 531,108

A \$550,000 house will likely have more than \$531,000 after six years of appreciation and repayment of deferred taxes and interest.

- **The current deferral interest rate is 0.15% simple interest. Last year's rate was 0.18 % simple interest.**

Detailed Information for Fiscal Year 2014
Income limits adjusted annually

Exemption from The Community Preservation Act Surcharge

Benefit	100% exemption from the surcharge																											
Gross Income	<p>FY 2014 Income Limit*</p> <ul style="list-style-type: none"> • Use your 2012 household income to qualify • Household income includes income of all owners and all household members <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Household Size</th> <th>Non-Senior Homeowner (under age 60)</th> <th>Senior Homeowner (60 or older)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">\$ 52,850</td> <td style="text-align: center;">\$ 66,100</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">60,400</td> <td style="text-align: center;">75,500</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">67,950</td> <td style="text-align: center;">84,950</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">75,500</td> <td style="text-align: center;">94,400</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">81,550</td> <td style="text-align: center;">101,950</td> </tr> <tr> <td style="text-align: center;">6</td> <td style="text-align: center;">87,600</td> <td style="text-align: center;">109,500</td> </tr> <tr> <td style="text-align: center;">7</td> <td style="text-align: center;">93,650</td> <td style="text-align: center;">117,050</td> </tr> <tr> <td style="text-align: center;">8</td> <td style="text-align: center;">99,700</td> <td style="text-align: center;">124,600</td> </tr> </tbody> </table>	Household Size	Non-Senior Homeowner (under age 60)	Senior Homeowner (60 or older)	1	\$ 52,850	\$ 66,100	2	60,400	75,500	3	67,950	84,950	4	75,500	94,400	5	81,550	101,950	6	87,600	109,500	7	93,650	117,050	8	99,700	124,600
Household Size	Non-Senior Homeowner (under age 60)	Senior Homeowner (60 or older)																										
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7	93,650	117,050																										
8	99,700	124,600																										
Assets	There is no asset limit																											
Ownership and Residency	One of the owners must occupy the home as their primary residence as of January 1, 2013.																											
To Apply	Contact the Assessor's office at 781-862-0500 X 315 for an application. Filing deadline for FY2014 is three months after the first actual tax bill is mailed (on or about January 1 st).																											

*The income limit is adjusted annually. It is based on the local area median income as annually published by United States Department of Housing and Urban Development.

Detailed Information for Fiscal Year 2014

This chart shows 2013 income and benefit figures*
Qualifying amounts and benefit change annually

Massachusetts “Senior Circuit Breaker” Tax Credit

This is a State program administered by the Commonwealth of Massachusetts.
The application is part of the annual state income tax process.
 Contact the Department of Revenue at 617-887-MDOR (617-887-6367)
www.dor.state.ma.us

If your property tax (or 25% of your rent) exceeds 10% of your gross income, you may be eligible for a payment or tax credit from the State.

Age	65 years of age or older at close of tax year
Benefit	<p>Homeowners: One dollar for every dollar that your property tax plus half of your water and sewer bill exceeds 10% of your income.</p> <p>Renters: One dollar for every dollar that 25% of your rent exceeds 10% of your income. Rent must be unsubsidized and landlord must be a tax-paying entity.</p> <p>Maximum benefit: \$1,030*</p>
Income	<ul style="list-style-type: none"> • \$55,000* for a single individual, • \$69,000* for a head of household • \$82,000* if married and filing jointly. <p><i>Married filing separately is ineligible</i></p>
House Value/ Assets	<ul style="list-style-type: none"> • Assessed value of house \$700,000* or less • Otherwise, no asset limit
Ownership And Residency	<ul style="list-style-type: none"> • Renters receiving rent subsidies do not qualify. • Landlord must be a tax-paying entity • Special provisions are made for certain assisted living arrangements and for certain types of trust ownership. See state website for more information www.dor.state.ma.us • Your Massachusetts house or apartment must be your primary residence
To Apply	<p>Taxpayers or Renters who are eligible for this tax credit should claim the credit when they file their state income tax return. If you are eligible but do not normally file a state income tax return, you may obtain the benefit by filing a return and claiming the exemption. Past returns may be amended up to 3 yrs. Lexington’s Senior Center provides trained tax advisors during the tax filing season to help you apply for this benefit. Call 781-861-0194</p>

* The 2014 income limits and benefit amounts will be set by the state in the second quarter of fiscal year 2014 (around September of 2014).