

**Fiscal Year 2016**

# **Property Tax Relief Programs**



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

Rob 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, or a Surviving Spouse who has not remarried, or of any Minor Child of Deceased Parents (Clause 17D) \***

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

- 70 or older/surviving spouse/or minor child on or before July 1, 2015.
- Home must have been owned and occupied as your primary residence for past 5 years.
- Value of Whole Estate, including vehicles must not exceed \$40,000. (*Value of primary residence is not included*). *There is no income limit.*

Contact Assessor's Office at 781-698-4578 for application

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

A wide range of exemptions are available to veterans of the armed forces who have suffered a service connected disability of not less than 10%, or of a veteran who received a U.S. military decoration award.

See detailed information on page 5

**Blind Persons (Clause 37A) \***

If you are blind, you may qualify for a \$500 property tax exemption.

- You must own and occupy Lexington property as your primary residence as of July 1, 2015.
- A Registered Certificate from the Mass. Commission for the Blind OR a letter from your Doctor indicating blind status as of July 1, 2015.

Contact Assessor's Office at 781-698-4578 for application

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

If your spouse was killed in the line of duty, and as the surviving spouse remain unmarried, you may qualify for a 100% property tax exemption.

- Property must be owned and occupied as your primary residence as of July 1, 2015.

Contact Assessor's Office at 781-698-4578 for application

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

If you have hardship due to Age, Infirmity and Poverty, you may qualify for a Hardship Exemption.

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 781-698-4578 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 100% 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 2016

**Income and asset limits are determined 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**

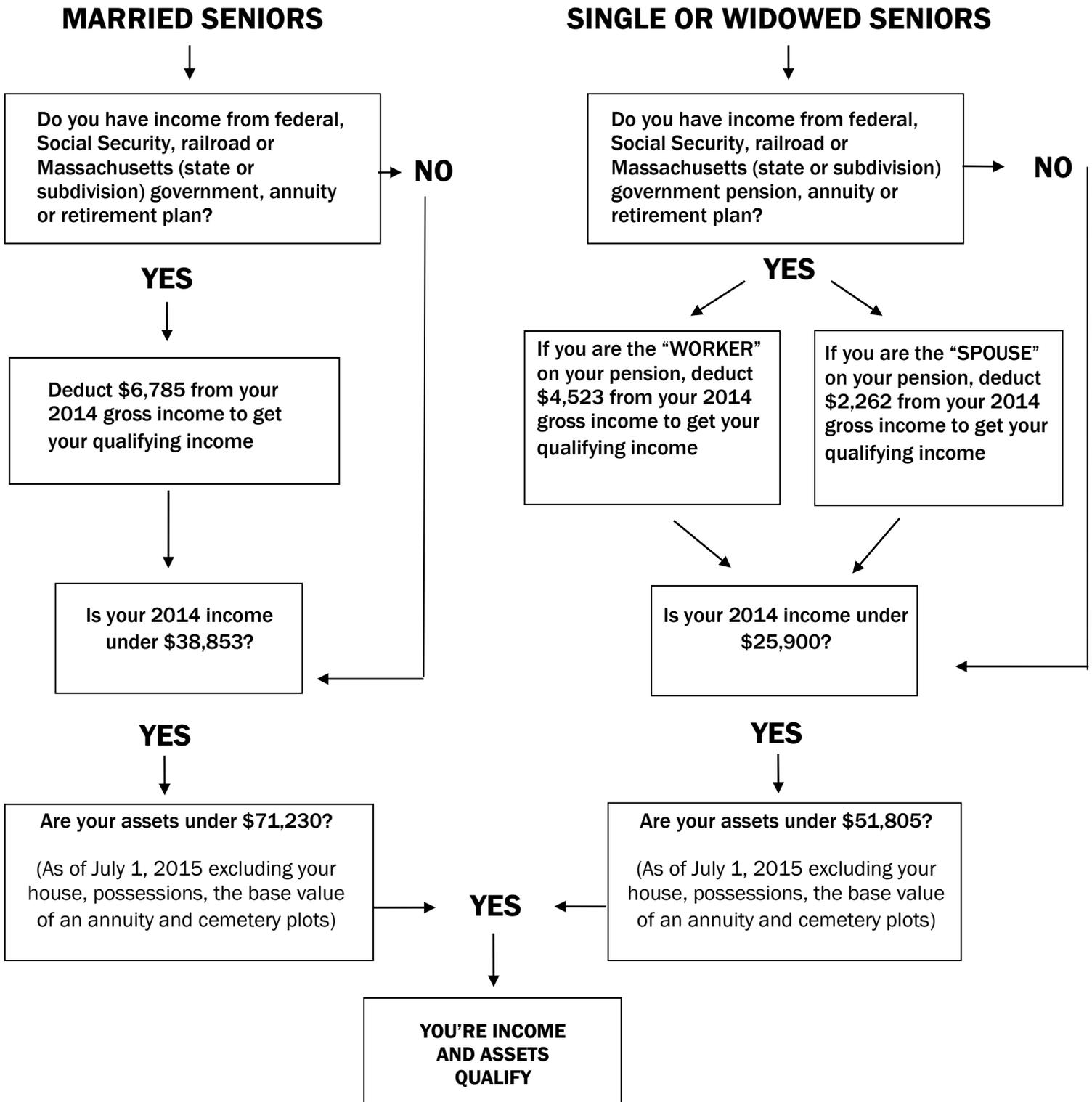
<b>Age</b>	You or your spouse must be 65 or older on July 1, 2015 for Fiscal Year 2016
<b>Benefit</b>	\$1,000 reduction in property tax. Does not have to be repaid.
<b>Income</b>	<ul style="list-style-type: none"> <li>• Your Calendar 2014 Income for the Fiscal Year 2016 exemption is used.</li> <li>• Your total gross income must be under \$25,900* for single, and \$38,853* for married (after the Social Security Deduction*).</li> </ul> <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"> <li>- The FY2016 "Social Security Deduction" is for a: Worker: \$4,523; Spouse: \$2,262 as determined annually by the state.</li> </ul> <p><b>See worksheet on next page.</b></p>
<b>Assets</b>	<ul style="list-style-type: none"> <li>• Your Whole Estate must be under \$51,805 for single homeowners, and \$71,230 for married homeowners.</li> <li>• Whole Estate includes: <ul style="list-style-type: none"> <li>- Total of all savings accounts, checking accounts, certificates of deposit, IRA accounts, stocks and bonds as of July 1, 2015</li> <li>- Any real estate other than your Lexington primary residence.</li> </ul> </li> <li>• Your primary residence, personal effects, motor vehicles and cemetery plots are not counted or included.</li> </ul>
<b>Ownership and Residency</b>	<ul style="list-style-type: none"> <li>• Massachusetts must have been your <i>state of primary residence</i> for the past ten years as of July 1, 2015</li> <li>• You must have <i>owned and occupied</i> your current home for the past five years as of July 1, 2015</li> <li>• If your home is held in trust, on or before July 1, 2015, 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.</li> <li>• 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</li> </ul>
<b>To Apply</b>	Contact the Assessor's office at 781-698-4578 for an application. Filing deadline for FY2016 is three months after the first <u>actual</u> ( <i>not preliminary</i> ) tax bills are mailed (on or about January 1 <sup>st</sup> ).

**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 FY2016 Property Tax Exemption for Person over 65 (Clause 41C)



**Detailed Information for Fiscal Year 2016**  
**Property Tax Exemptions for Veterans**

**Benefits Honorable Discharged Service Connected Disability Veterans in the line of duty who were Massachusetts residents for six months prior to entering service or have resided in the commonwealth for five consecutive years before the current tax year.**

FY2016 Exemptions are based on Veterans status as of July 1, 2015

<b>Clause 22</b>	<ul style="list-style-type: none"> <li>• (a) Veterans with a service-connected disability of 10% or more.</li> <li>• (b) Veterans of certain pre-World War I conflicts.</li> <li>• (c) Veterans awarded the decoration Purple Heart. No evidence of disability.</li> <li>• (d) Spouses (when property is owned by spouse, not veteran), and surviving spouses of Clause 22(a)-(c) veterans who <i>remain unmarried</i>, OR of a soldier/sailor who died serving in certain 22(b) pre-World War I conflicts.</li> <li>• (e) Gold Star 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.</li> <li>• (f) Surviving spouses of World War I veterans whose whole estate, less mortgage balance on the property does not exceed \$20,000.</li> </ul>	\$400.
<b>Clause 22A</b>	<ul style="list-style-type: none"> <li>• Veterans (and their spouses or surviving spouses) who suffered loss or permanent loss of use of one foot, or one hand, or sight of one eye.</li> <li>• Veteran recipients of the Congressional Medal of Honor, The Distinguished Service Cross, the Air Force Cross or the Navy Cross.</li> </ul>	\$750.
<b>Clause 22B</b>	<ul style="list-style-type: none"> <li>• Veterans (and their spouses or surviving spouses) who suffered in the line of duty the loss or permanent loss of use of both feet, both hands or both eyes.</li> </ul>	\$1,250.
<b>Clause 22C</b>	<ul style="list-style-type: none"> <li>• Veterans (and their spouses or surviving spouses) who suffered total disability in the line of duty and received assistance in acquiring "specially adapted housing" which they own &amp; occupy as their domicile.</li> </ul>	\$1,500.
<b>Clause 22D</b>	<ul style="list-style-type: none"> <li>• Surviving spouses (<i>who have never remarried</i>) of soldiers, sailors and guardsmen who died as a proximate result of a combat injury or disease, or who are missing and presumed dead due to combat.</li> </ul>	100%
<b>Clause 22E</b>	<ul style="list-style-type: none"> <li>• Veterans who have a service connected disability of 100%. An annual VA Certificate is required.</li> <li>• Benefit continues for <i>surviving spouses who remain an owner and occupant</i>. Annual VA Certificates are not required of a surviving spouse.</li> </ul>	\$1,000.
<b>CLAUSE 22F</b>	<ul style="list-style-type: none"> <li>• Paraplegic Veterans OR the surviving spouse of the deceased PARA veteran.</li> </ul>	100%

**With the exception of Clauses 22(a-f) and 22D, if the property is greater than a single-family house, the applicant receives an exemption for only that portion that corresponds to the segment occupied.**

**To Apply: Contact the Assessor's Office at 781-698-4578.**

**Filing deadline for FY2016 is three months after the first actual (*not preliminary*) tax bills are mailed (on or about January 1<sup>st</sup>).**

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

## Detailed Information for Fiscal Year 2016

# Property Tax Deferrals (Clause 41A)

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

### LET THE VALUE OF YOUR HOUSE PAY YOUR PROPERTY TAX

<b>Age</b>	You or your spouse must be 65 or older on July 1, 2015 for the Fiscal Year 2016.
<b>Benefit</b>	<ul style="list-style-type: none"><li>• 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.</li><li>• You can never be forced to move or sell your home under this program.</li><li>• 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.</li><li>• <u>The fixed interest rate for FY2016 Deferrals is 0.25% (simple interest)</u></li></ul>
<b>Income and Assets</b>	<ul style="list-style-type: none"><li>• Up to \$65,000 gross income, married or single is based on Calendar 2014 income.</li><li>• No asset restrictions.</li></ul>
<b>Ownership and Residency</b>	<ul style="list-style-type: none"><li>• Massachusetts must have been your state of primary residence for the past 10 years as of July 1, 2015.</li><li>• You must have owned and occupied a home anywhere in Massachusetts for the past five years as of July 1, 2015.</li><li>• 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.</li></ul>
<b>Other limits</b>	<ul style="list-style-type: none"><li>• Property taxes can be deferred to a maximum cumulative total of half the value of your home.... many decades of potential deferral.</li><li>• 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.</li></ul>
<b>To apply</b>	<ul style="list-style-type: none"><li>• Contact the Assessor's office at 781-698-4578. Filing deadline for FY2016 is three months after the first <u>actual</u> (<i>not preliminary</i>) tax bills are mailed.</li><li>• After qualifying for the Property Tax Deferral, contact the Board of Selectmen at 781-698-4580 to apply for <u>deferral of water/sewer charges</u>.</li></ul>

#### 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 FY2016 will never be higher than 0.25% .
- 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 2015, 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: 2016 to 2021 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
2016	\$ 550,000	\$ 8,913	0.25%	\$ 8,935
2017	559,017	9,502	1.73%	9,666
2018	568,183	10,130	1.73%	10,305
2019	577,498	10,800	1.73%	10,987
2020	586,966	11,514	1.73%	11,713
2021	596,590	12,276	1.73%	12,488



House Value when sold: \$ 596,590  
 Minus total cost of deferral: 64,094  
 Equals equity left for use by Senior: \$ 532,496

**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 0.25% simple interest. Last year's rate was 0.12 % simple interest.**

**Detailed Information for Fiscal Year 2016**  
**Income limits adjusted annually**

## Exemption from The Community Preservation Act Surcharge

<b>Benefit</b>	100% exemption from the Community Preservation Act Surcharge																											
<b>Gross Income</b>	<p><b>FY 2016 Income Limit*</b></p> <ul style="list-style-type: none"> <li>• Use your Calendar 2014 household income to qualify</li> <li>• Household income includes income of all <i>owners</i> and all <i>household members</i></li> </ul> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Household Size</th> <th style="text-align: center;">Non-Senior Homeowner (under age 60)</th> <th style="text-align: center;">Senior Homeowner (60 or older)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">\$ 55,150</td> <td style="text-align: center;">\$ 68,950</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">63,050</td> <td style="text-align: center;">78,800</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">70,900</td> <td style="text-align: center;">88,650</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">78,800</td> <td style="text-align: center;">98,500</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">85,100</td> <td style="text-align: center;">106,400</td> </tr> <tr> <td style="text-align: center;">6</td> <td style="text-align: center;">91,400</td> <td style="text-align: center;">114,250</td> </tr> <tr> <td style="text-align: center;">7</td> <td style="text-align: center;">97,700</td> <td style="text-align: center;">122,150</td> </tr> <tr> <td style="text-align: center;">8</td> <td style="text-align: center;">104,000</td> <td style="text-align: center;">130,000</td> </tr> </tbody> </table>	Household Size	Non-Senior Homeowner (under age 60)	Senior Homeowner (60 or older)	1	\$ 55,150	\$ 68,950	2	63,050	78,800	3	70,900	88,650	4	78,800	98,500	5	85,100	106,400	6	91,400	114,250	7	97,700	122,150	8	104,000	130,000
Household Size	Non-Senior Homeowner (under age 60)	Senior Homeowner (60 or older)																										
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7	97,700	122,150																										
8	104,000	130,000																										
<b>Assets</b>	There is no asset limit																											
<b>Ownership and Residency</b>	One of the owners must occupy the home as their primary residence as of January 1, 2015.																											
<b>To Apply</b>	Contact the Assessor's office at 781-698-4578 for an application. Filing deadline for FY2016 is three months after the first <u>actual</u> ( <i>not preliminary</i> ) tax bills are mailed (on or about January 1 <sup>st</sup> ).																											

\*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.

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

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## Detailed Information for Fiscal Year 2016

This chart shows 2015 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](http://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><b>Homeowners:</b> One dollar for every dollar that your property tax plus half of your water and sewer bill exceeds 10% of your income.</p> <p><b>Renters:</b> 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: \$1,070*</p>
Income	<ul style="list-style-type: none"><li>• \$57,000* for a single individual,</li><li>• \$71,000* for a head of household</li><li>• \$85,000* if married and filing jointly.</li></ul> <p><i>Married filing separately is ineligible</i></p>
House Value/ Assets	<ul style="list-style-type: none"><li>• Assessed value of house \$693,000* or less</li><li>• Otherwise, no asset limit</li></ul>
Ownership And Residency	<ul style="list-style-type: none"><li>• Renters receiving rent subsidies do not qualify.</li><li>• Landlord must be a tax-paying entity</li><li>• Special provisions are made for certain assisted living arrangements and for certain types of trust ownership. See state website for more information <a href="http://www.dor.state.ma.us">www.dor.state.ma.us</a></li><li>• Your Massachusetts house or apartment must be your primary residence</li></ul>
To Apply	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 years. Lexington’s Human Services Department provides trained tax advisors during the tax filing season to help you apply for this benefit. Call <b>781-698-4840</b>

\* The 2016 income limits and benefit amounts will be set by the state in the second quarter of fiscal year 2017 (around September of 2016).