



Town of Lexington Annual Town Meeting 2020

Select Board Article Positions

Article 6: Establish Qualifications for Tax Deferrals

Under state law, qualifying property owners who are age 65 or older can choose to annually defer their property tax until their home is sold or the owner passes away without a surviving spouse. This article seeks to raise the income threshold for participation in this program from \$75,000 to \$90,000. This change is authorized by home rule legislation, which was endorsed by Town Meeting in 2007 and signed into law in July 2008.

The Select Board has been advised by the Tax Deferral and Exemption Study Committee to peg deferral income thresholds to an index in order to regularly adjust deferral income limits by changes in the cost of living.

The State's Circuit Breaker limits is one set of indices that are adjusted annually for cost of living and which are used by some communities for the tax deferral income threshold. Arlington and Danvers have adopted income limits that match the Circuit Breaker qualifications. The top tier for the current calendar year is \$90,000.

Historically, utilization numbers have not increased in concert with income limit increases. All changes in participation in years with newly increased income thresholds have been minimal, with increases or decreases of just one or two households or no change at all. We propose to adopt the \$90,000 income limit for this fiscal year.

Fiscal Year	Original Tax Deferred	Remaining Tax Deferred	Number of Deferrals	Average Deferral	June 30 Deferral Balance
2020*	\$214,108.60	\$214,108.60	20	\$10,705.42	
2019	\$401,850.32	\$365,599.24	40	\$10,046.26	\$1,797,948.31
2018	\$412,421.81	\$362,698.71	42	\$9,819.57	\$1,641,103.93
2017	\$372,858.98	\$239,647.46	41	\$9,094.12	\$1,479,113.90
2016	\$372,410.41	\$222,491.10	43	\$8,660.71	\$1,219,662.88
2015	\$232,501.14	\$136,083.00	29	\$8,017.28	\$975,290.59
2014	\$237,640.77	\$94,184.93	31	\$7,665.83	\$899,634.47

Table: Tax Deferral History

*note: deadline for FY2020 deferral applications has been extended to June 1, 2020 – amounts represent current values as of March 5, 2020.

The response to the \$90,000 income limit will be evaluated for its effect on Town finances. Should utilization follow the historical pattern, the Select Board will consider proposing to a future Town Meeting that the top tier Circuit Breaker limit be adopted as an automatic index for adjusting our program's income threshold.

The Select Board unanimously support the passage of Article 6.