



Town of Lexington Annual Town Meeting 2020 Select Board Article Positions

Article 7: Petition General Court to Amend Legislation Regarding Tax Deferrals

The purpose of this article is to authorize the Select Board to petition the Massachusetts General Court to enact legislation regarding real property tax deferrals. Additionally, this article would allow the Select Board to approve amendments to said act that are within the scope of the general objectives of the petition.

This article would effectively amend Chapter 190 of the Acts of 2008 by delaying the interest rate increase of an estate with tax deferral for one year after death pursuant to clause 41A of Section 5 of chapter 59.

Property taxes are a major expense for many seniors. Property tax deferrals can be a simple and inexpensive way for these seniors to tap into the equity of their homes without the high upfront costs of a reverse mortgage or home equity loan.

Although Lexington offers the property tax deferral at the current interest rate of 2.55% (1.41% for FY 2021) and there are many Lexington seniors who could qualify for this program, only 40 households took advantage of it in FY2019. One deterrent to many seniors is the regulatory requirement that the interest rate increases to 16% immediately upon the death of a homeowner who does not have a surviving spouse.

This added indebtedness can lead to hardship or increased emotional burden to the heirs, who often live at a distance, already face the difficult and lengthy process of settling the estate, and face disposing of a lifetime of possessions and preparing the home for sale. The one-year grace period being requested would give the heirs a reasonable time to sell or convey the house and pay the deferred taxes plus interest.

As early as 2007, regularly proposed legislation to provide a grace period has failed to pass the Massachusetts Legislature. In 2017 Senator Ken Donnelly filed a bill (S1514) which would allow the one-year grace period. After he passed away, that bill was included in an omnibus bill which failed. Both Senator Cindy Friedman and Representative Michelle Ciccolo have filed bills with the Donnelly wording (H2421 and S1665) in the current legislative session, but, in the current climate, these bills are not expected to pass.

The Select Board unanimously support the passage of Article 7.