



C · A · R · L · I · S · L · E  
*Council on Aging  
and Human Services*

# **Senior Means-Tested Property Tax Exemptions**

March 14, 2023



# Background



The Council on Aging and Human Services and the Assessor have been working on a program to reduce the property tax burden for seniors in financial need.

The purpose of this initiative is to enable lower-income seniors to remain in Carlisle by increasing the affordability of their residences.

For the majority of this cohort, property taxes are their single largest annual expense.

Many other towns in MA have implemented means-tested senior property tax exemption programs.

The MA State Legislature must pass a bill authorizing a municipality implement this program.



# Eligibility Data



The COAHS received an ARPA grant to provide supplemental home heating assistance to seniors in financial need.

We set the parameters for this program as follows:

- Age: 60 or older
- Income: \$78,550 for individual, \$89,750 for couple (up to 80% AMI)
- Assessed Home Value: not to exceed \$975,000
- Assets excluding home and cars: Not to exceed \$400,000

Based on these criteria, 16 households were eligible for and received assistance through this program



# MA Circuit Breaker Program



We looked at how other towns are administering their senior means-tested tax exemption programs.

We found that some have used elements of the MA Circuit Breaker tax program to qualify residents for their tax exemption program and determine their exemption amount.

The MA Circuit Breaker program provides eligible seniors a reduction on state income taxes, or a cash benefit, **equal to the amount by which property taxes plus 50% of water and sewer costs exceed 10% of gross household income**, not to exceed an annual maximum benefit, currently \$1200

**Example:**

A couple has a gross household income of \$65,000

Annual property taxes are \$14,507

Water and sewer costs are \$500 per year

10% of their income is \$6,500

Property taxes plus 50% water and sewer:  $\$14,507 + \$500/2 = \$14,757$

This exceeds 10% of income by:  $\$14,757 - \$6,500 = \$8,257$

They would therefore receive the maximum benefit of \$1200



# Eligibility Criteria



Eligibility for the Circuit Breaker program for tax year 2022:

- Age: 65 or older
- Income: \$64,000 individual, \$96,000 couple
- Assessed Home Value: not to exceed \$912,000
- Asset Limit: None

Proposed eligibility for Carlisle Senior Tax Exemption Program:

- Age: 70 or older
- Income: Circuit Breaker income limits
- Assessed Home Value: Circuit Breaker home value limit
- Asset Limit: \$500,000 excluding home
- Benefit: Twice the Circuit Breaker benefit received



# Estimated Cost of Program



Based on our experience with the Senior Home Heating Assistance program we estimate that no more than **14 households** will qualify for this program as outlined. This is because several of the heating assistance recipients were under 70 years of age.

If each household received the full Circuit Breaker benefit of \$1200, and a property tax exemption of \$2400, the total cost of the tax exemptions would be  $\$2400 \times 14 = \$33,600$ .

Currently about half of the eligible households apply for the Circuit Breaker program. The COAHS will be publicizing the Circuit Breaker program and conducting direct outreach to residents who are likely to qualify.

The Governor's proposed FY 24 budget includes an increase in the Circuit Breaker maximum benefit from \$1200 to \$2400. If this measure passes, the town could elect to provide less than twice this benefit as a tax exemption to eligible households.