
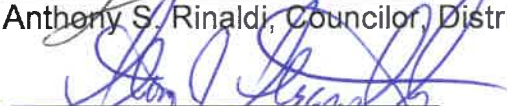



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AMESBURY CITY CLERK

**CITY OF AMESBURY
IN THE YEAR TWO THOUSAND TWENTY-ONE**

SPONSORED BY:  **BILL No. 2021-052**
Anthony S. Rinaldi, Councilor, District 2

Steven Stanganelli, Councilor-at-Large

Michael Hogg, Councilor, District 6

An Ordinance to reduce interest rate charged annually on the deferred amount of property tax under the Senior Property Tax Deferral program as described in M.G.L. Chapter 59, Section 5, Clause 41A, to 4% per annum and to broaden availability of the option by increasing the income limit to the amount adopted annually for eligibility of the Senior Circuit Breaker Tax Credit (noted in M.G.L Chapter 62).

Summary:

An Ordinance to lower the burden on senior taxpayers by lowering the interest rate charged on property taxes deferred under the Senior Property Tax Deferral program described under M.G.L. Chapter 59, Section 5, Clause 41A by adopting a lower interest rate during the deferral period and to increase the income limit for eligibility of the program by adopting the higher income limit set by the Senior Circuit Breaker Tax Credit to the "single not head of household level" (M.G.L. Chapter 62).

Whereas M.G.L Chapter 59, Section 5, Clause 41A provides for an additional option for senior property tax relief that allows a senior citizen resident age 65 or older to defer all or part of property tax annually up to 50% of primary residence value; and

Whereas the tax deferral and other exemption programs were accepted May 9, 1983 in Article 22 as reported in the archive of the municipal codes; and

Whereas the Act allows for the deferred amount plus accrued interest to be registered as a lien on the property that is discharged when the property is sold or transferred; and

Whereas under the current provisions of M.G.L. Chapter 59, Section 5, Clause 41A, applicants must meet a gross income limit equal to the limit for a single taxpayer not filing as head of household

established annually for eligibility of the senior "circuit breaker" in M.G.L. Chapter 62 presently at \$61,000 for tax year 2020; and

Whereas M.G.L Chapter 59, Section 5, Clause 41A establishes an interest rate of 8% per annum on deferred tax amounts but allows a municipality to adopt different rates; and

Whereas the Median Income for households of those at least age 65 was \$40,052 as noted in the 2018-2022 Housing Production Plan (see Amesbury Housing Production Plan, page 21); and

Whereas the age composition of Amesbury's population is increasingly trending to older adults (age 65 and over); in 2015, at least 15% of the population was age 65 or older and the demographic trend is for households of those at age 65 or older will increase to 30% of Amesbury's population (see Amesbury Housing Production Plan, page 14); and

Whereas Amesbury's senior citizen homeowners are under increasing financial pressure due to property tax assessments for a new school and other deferred infrastructure projects while income sources such as Social Security have increased at an average rate of 1.5% per annum; and

Whereas a modified Clause 41A adopted locally that offers higher income limits for eligibility and lower interest rates on deferred taxes may provide assistance to seniors and help them to maintain their residence without the pressure to sell and relocate out of the City;

so therefore,

Be it Ordained by the City Council of the City of Amesbury assembled and by the authority of the same, as follows:

Section 1: Interest Rate

That the City of Amesbury shall adopt and apply a lower interest rate of 4% per annum on deferred property tax amounts for senior citizens who meet the prevailing criteria of M.G.L Chapter 59, Section 5, Clause 31A.

Section 2: Income Limit Eligibility

That the City of Amesbury shall adopt the prevailing income limit for all applicants as the income of a single taxpayer not filing as head of household as determined by M.G.L Chapter 62 for the senior "circuit breaker" and shall automatically adopt such income limit changes as may be set under the M.G.L Chapter 62 senior "circuit breaker" program.

Reference Sources:

<https://mailegislature.gov/Laws/GeneralLaws/PartI/TitleX/Chapter59/Section5>

<https://www.mass.gov/files/documents/2018/01/02/dor-proptax-guide-deferrals.pdf>

<https://www.mass.gov/service-details/senior-circuit-breaker-tax-credit>

<https://www.amherstma.gov/DocumentCenter/View/46337/41A-Deferral-Exemption-Description>

<https://www.manchester.ma.us/185/Clause-41A-Deferral>