

Boston Globe – Proposal Urges More Tax Relief for Seniors – 09/29/2005

By Stephanie Ebbert

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State Auditor Joseph DeNucci yesterday called for doing away with a hodgepodge of municipal senior tax-relief programs and replacing them with a uniform, state-run system that would save homeowners 65 and older an average of \$1,446 a year on their property taxes.

In a report by his Division of Local Mandates, DeNucci said the programs have not kept pace with the original legislative intent to offset half of the state's median tax bill, which computed to \$1,446 last year. Instead, the average local tax exemption is now worth only about \$500, and property values continue to soar.

Tax relief is also not consistent among localities, ranging from \$175 to \$1,000. A senior eligible for exemptions in one community can get shut out after moving to another, according to the report.

DeNucci recommended that the patchwork of local programs be scrapped in favor of a state-run tax exemption that would expand an existing program under the state Department of Revenue that currently allows seniors 65 and older to claim a state income tax credit of up to \$820 for the taxes they pay on their homes. Seniors are eligible for this "circuit breaker" program if they earn less than \$44,000 annually (or \$66,000 as a couple) and their properties, after abatement, are valued at less than \$441,000.

Expanding the program and allowing the full \$1,446 exemption would cost the state about \$16 million a year, the report estimates. DeNucci called for a "hold-harmless" clause that would protect any homeowners who might otherwise wind up paying more under his proposal.

Tim Connolly, a spokesman for the Department of Revenue, said his agency would examine the report and weigh the proposal to expand the circuit breaker program, which more than 36,000 people took advantage of last year.

As housing values skyrocketed in recent years, advocacy groups have championed efforts to help seniors find the resources to pay off their growing tax bills. DeNucci's report gives testimony to the issue's longevity: He issued a similar report in 1998 and, even then, found that the value of the local tax exemptions was slipping and fewer seniors were able to qualify.

"This is long overdue," said Laura Henze Russell, director of the Elder Economic Security Standard Project at the Gerontology Institute of the University of Massachusetts, Boston. "Everyone talks about how high heating costs are rising, but property taxes have been rising at incredible amounts over the past five years."

The Legislature is considering numerous bills that would let cities and towns increase their local exemptions or loosen income and asset restrictions for seniors. The Department of

Revenue is estimating the cost of various provisions, and a bill is expected to emerge from the Joint Committee on Revenue in the coming weeks.

Over time, cities and towns have offered more and more local exemptions for which they do not receive state reimbursement. That creates inequities for both individuals and communities, DeNucci found. Most Massachusetts communities receive less from the state than they spend on exemptions. And a senior who does not qualify for tax relief in one town could move to a neighboring community and save 60 percent on taxes, the report found.

Local government representatives say a broader state-run system would alleviate some difficult budgetary decisions local governments now must make. "Right now, communities are offering property tax exemptions for senior citizens and trying to do their best to offer property tax relief. But under state law, they're forced to fund that by cutting other services," said Geoff Beckwith, executive director of the Massachusetts Municipal Association.