

Beacon Hill Byline by Mary Rogeness

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Making Ends Meet

An elderly resident recently sent me a letter objecting to an increased property tax bill. He stated that he might have to sell his house because he could not afford the continuing expansion of his tax liability. As a Representative, my first thought was, "How can I help?" Next I looked over the provisions of our new state budget. In that document I found some tax provisions that may assist the letter-writer. I am writing about his situation this week in the hope that others may benefit from the same information. This is what I found.

The first and most obvious tax reduction is available to all taxpayers, the income tax. In 1999 for the first time since I have lived in Massachusetts all income is treated equally. Dividends and interest, otherwise known as "unearned" income, are now taxed at the same rate as wages. This tax change cuts the tax to less than half of last year's rate, and is a provision that will be of particular assistance to individuals who rely on income from savings.

A reduction in the overall income tax rate was enacted, but it will be implemented for this year's income (next year's taxes). The rate will drop from 5.95% to 5.85%.

Beginning in 2001, taxpayers who are 65 or older may benefit from a "circuit breaker" provision in the budget. It allows a homeowner who meets certain requirements to file for a tax credit or refund up to \$375. The homeowner must have no more than \$40,000 income or \$60,000 for a couple, and must spend 10% of that income on real estate tax or water and sewer costs. The specifics of the credit are too long to include in this article but I will be glad to send the information if you call me at 567-1661 or send an e-mail to mary@rogeness.com.

The state authorized one last benefit as a local option for municipalities. If it is adopted by the town, a taxpayer over the age of 60 will be allowed to reduce real estate tax liability by providing volunteer service to the town. The town would credit the value of volunteer time at the minimum wage up to a maximum of \$500. This provision is so new that it has not been implemented yet, but it has the possibility of providing significant assistance to municipal departments while at the same time helping homeowners meet their tax burden.

The selectmen must vote to accept the provision before it applies in Longmeadow or any other town. I would encourage the town to give full consideration to the program as an optional tax payment program for our senior residents.

I know from talking with many residents that property taxes concern them. Their homes have risen sharply in value while their incomes remain fixed, and they feel they can no longer afford their homes.

The town needs their presence, and their young neighbors value their life experience. This year the state budget has enacted significant incentives to allow these older residents to retain their connection to our town. The "circuit breaker" requires that certain financial criteria be met, but once those criteria are met, a tax credit or refund will come from the state at no cost to the town. The volunteering option would be the full responsibility of the town, but in my belief that the town would receive full value for any revenue that may be lost because residents donate 80 hours of work to the town.

The Massachusetts Fiscal Year 2000 budget has tried to accomplish many goals this year. That is one reason it took so long to make it a reality. One goal was to provide

tax relief for older residents. If these provisions of the budget are of value to some of the senior residents of Longmeadow, the wait will be worthwhile.