

Natick Senior Property Tax Exemption				
Benefits for Qualified Homeowners - Example				
3 Year Pilot - FY 2023, FY 2024 and FY 2025				
<b>Homeowner Assumptions:</b>				
Water and sewer =	\$400			
Property assessment =	\$639,149			
Property taxes =	\$8,699			
Qualifying income =	\$50,000			
Married filing jointly, met age and 10-year domicile requirements				
<b>MA Schedule CB - Lines 9 - 17</b>		<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Line #		<b>CY 2022</b>	<b>CY 2023</b>	<b>CY 2024</b>
9	Qualifying Income	\$50,000	\$50,000	\$50,000
<b>Circuit Breaker Credit Calculation</b>				
10	Real estate taxes paid in calendar year - 2.5% annual increase	\$8,699	\$8,916	\$9,139
11	Adjustment to real estate taxes	N/A	\$1,150	\$1,150
12	Subtract line 11 from line 10	\$8,699	\$7,766	\$7,989
13	Enter 50% of water and sewer charges paid	\$200	\$200	\$200
14	Add lines 12 and 13	\$8,899	\$7,966	\$8,189
15	Income threshold. Multiply line 9 * 10%	\$5,000	\$5,000	\$5,000
16	Subtract line 15 from line 14	\$3,899	\$2,966	\$3,189
17	Enter lesser of line 16 or \$1,150 - Circuit Breaker Credit	\$1,150	\$1,150	\$1,150
<b>Natick Senior Property Tax Exemption</b>		<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
	Subtract line 17 from line 16	\$2,749	\$1,816	\$2,039
	Enter lesser of above calculation or \$1,150 - Natick Senior Property Tax Exemption	\$1,150	\$1,150	\$1,150
<b>Benefits to Homeowner</b>				
Total credits	Circuit Breaker Credit + Natick Senior Property Tax Exemption	\$2,300	\$2,300	\$2,300
Net taxes	Real estate taxes paid - Circuit Breaker Credit - Natick Senior Property Tax Exemption	\$6,399	\$6,616	\$6,839

# Natick Senior Property Tax Exemption Costs for Residential Property Owners

Program Options - % of Residential Tax Levy	No Program	Example 1 (.3%)	Example 2 (.5%)	Example 3 (.7%)
FY21 Residential Tax Levy	\$100,287,220	\$100,287,220	\$100,287,220	\$100,287,220
Annual Program Cost	\$0	\$300,000	\$500,000	\$700,000
FY21 Residential Tax Levy after Annual Program Cost	\$100,287,220	\$100,587,220	\$100,787,220	\$100,987,220
Residential Tax Rate after Annual Program Cost	\$13.61	\$13.65	\$13.68	\$13.70
Increase in Residential Tax Rate	\$0.00	\$0.04	\$0.07	\$0.09
Average single-family home assessment	\$639,149	\$639,149	\$639,149	\$639,149
Average Single-Family Tax after Annual Program Cost	\$8,699	\$8,724	\$8,744	\$8,756
Additional Tax for Average Single-Family Homeowner	\$0	\$26	\$45	\$58
# of Program Beneficiaries @ \$1,150	0	261	435	609

# COMMENTARY

- BENEFITS
  - Addresses recognized studies that Massachusetts seniors have a high level of economic insecurity, driven in part by high property tax burdens
  - Assists low- and moderate-income senior homeowners by providing a new tax exemption to help them stay in their home;
  - Uses existing state definition to determine eligible population
  - Keeps seniors in their homes, which will help promote greater age diversity in Natick
  - Maintains overall town taxes at current level and gives Select Board control over direct costs of subsidy by setting total cap
- FACTORS TO CONSIDER
  - Requires a minor redistribution in tax burden (some taxpayers subsidize others)
  - Increases the workload of the Assessors Office and adds to the time constraints of the tax-rate-setting process, which require additional staff support
  - Could reduce participation in the deferral program, which is not reliant on subsidies from other taxpayers.
  - Difficult to estimate demand for program