

**ARTICLE 8.** To see if the Town will vote to accept the provisions of Massachusetts General Law Chapter 59 Section 5 (57), which will allow seniors who receive “circuit breaker” tax credits on their Massachusetts state income taxes to obtain a reduction of their real estate taxes up to the amount of their credits, or to take any other action thereon.

Sponsored and supported by the Board of Assessors and Council on Aging  
Finance Committee recommends adoption of this article  
Select Board recommends adoption of this article

**MOTION:** I move to accept the provisions of Massachusetts General Law Chapter 59 Section 5 (57), which will allow seniors who receive “circuit breaker” tax credits on their Massachusetts state income taxes to obtain a reduction of their real estate taxes up to the amount of their credits.

**COMMENTS:** This exemption would be available to residents who are aged 65 or older and receive the Circuit Breaker income tax credit on their state income tax. Qualified residents would receive an exemption amount up to the full amount of their credit. This exemption amount would also be subject to the provisions of M.G.L. Chapter 59, Section 5C ½, which was passed at the 2018 Town Meeting and essentially increases exemption amounts by 100% depending on what was paid in the prior year.

Because of the impact of Section 5C ½, the Board of Assessors has proposed an exemption amount starting at 50% of the Circuit Breaker received. Per the Department of Revenue, 112 Boxford residents received the Circuit Breaker credit in 2020 and the maximum credit amount was \$1,150. Based on these numbers, granting an exemption of 50% of the credit and allowing for up to a 100% increase would result in an estimated \$64,400-\$128,800 annual impact to the overlay. This exemption clause does require the Board of Assessors to make an annual appropriation of overlay dollars exclusively for this reduction. This annual allocation allows the Assessors flexibility in determining the exemption amount and the overlay impact annually, which means 1.) They could reassess the exemption amount if they received higher applications than anticipated in the prior year and 2.) they would be required to prorate the allocation among the applicants in the event the allocation was insufficient, effectively placing a cap on the amount granted annually for this specific clause.

The Board of Assessors has chosen to propose this exemption because it targets a broader number of residents, but with smaller individual exemption amounts, than any of our current available exemptions.

**From:** [Kristin Hanlon](#)  
**To:** [Matt Coogan](#)  
**Cc:** [Kathleen Benevento](#); [Heather Thifault](#); [dfben@comcast.net](mailto:dfben@comcast.net)  
**Subject:** Proposed Warrant Article  
**Date:** Thursday, February 24, 2022 4:07:29 PM  
**Attachments:** [Clause 57 Bulletin.docx](#)

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Hello Matt,

The Board of Assessors voted at their meeting last night to propose the following warrant article:

To see if the Town will vote to accept Massachusetts General Law Chapter 59 Section 5 (57), which will allow seniors who receive “circuit breaker” tax credits on their Massachusetts state income taxes to obtain a reduction of their real estate taxes up to the amount of their credits.

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I have attached language from a bulletin provided by the Division of Local Services regarding the specifics of this exemption. Effectively, this exemption would be available to residents who are aged 65 or older and receive the Circuit Breaker income tax credit on their state income tax. Qualified residents would receive an exemption amount up to the full amount of their credit. This exemption amount would also be subject to the provisions of M.G.L. Chapter 59, Section 5C ½, which was passed at the 2018 Town Meeting and essentially increases exemption amounts by 100% depending on what was paid in the prior year.

Because of the impact of Section 5C ½, the Board of Assessors has proposed an exemption amount starting at 50% of the Circuit Breaker received. Per the Department of Revenue, 112 Boxford residents received the Circuit Breaker credit in 2020 and the maximum credit amount was \$1,150. Based on these numbers, granting an exemption of 50% of the credit and allowing for up to a 100% increase would result in an estimated **\$64,400-\$128,800 annual impact to the overlay**. This exemption clause does require the Board of Assessors to make an annual appropriation of overlay dollars exclusively for this reduction. This annual allocation allows the Assessors flexibility in determining the exemption amount and the overlay impact annually, which means 1.) They could reassess the exemption amount if they received higher applications than anticipated in the prior year and 2.) they would be required to prorate the allocation among the applicants in the event the allocation was insufficient, effectively placing a cap on the amount granted annually for this specific clause.

The Board of Assessors has chosen to propose this exemption because it targets a broader number of residents, but with smaller individual exemption amounts, than any of our current available exemptions. They respectfully request the Select Board’s consideration in recommending adoption of this article and are available for any questions or feedback they may have.

Kristin Hanlon, MAA

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## **Clause 57 – Seniors Eligible for State Circuit Breaker Tax Credit**

If accepted and subject to the assessors' annual allocation of overlay, Clause 57 of [G.L. c. 59, § 5](#) allows seniors who receive "circuit breaker" tax credits on their Massachusetts state income taxes to obtain a reduction of their real estate taxes up to the amount of their credits.

Under [G.L. c. 62, § 6\(k\)](#), persons 65 or older who meet certain income and other requirements may claim a credit against their Massachusetts personal income taxes for the real estate taxes paid on their domiciles during the state tax year. The credit, known as the "circuit breaker" is the amount of taxes paid that exceeds 10% of the taxpayer's income, up to a maximum credit that is adjusted each year to reflect changes in the cost of living. The credit is refundable, *i.e.*, may be claimed even if the senior does not have a state tax liability and would not otherwise have to file a return for the tax year. For state tax year **2014**, the maximum credit is **\$1,050**. For additional information on the credit, see [Real Estate Tax Credit for Persons 65 and Older \(known as the Circuit Breaker Credit\)](#) from the Department of Revenue's [Guide to Personal Income Tax](#).

To be eligible for a reduction under Clause 57, a taxpayer must (1) be 65 or older and own and occupy the property as his or her domicile as of the July 1 beginning of the fiscal year for which the relief is sought, and (2) have received a "circuit breaker" credit for property taxes paid on that domicile or another domicile within Massachusetts for the preceding calendar year. Eligible taxpayers may have their property taxes reduced up to the amount of the credit they received, **but the reduction cannot result in a tax less than the tax on 10% of the assessed full and fair cash value of the domicile. G.L. c. 59, § 5C.** For example, for a fiscal year **2015** reduction, a taxpayer must be at least 65 and own the domicile as of July 1, **2014** and have received the credit against his or her **2013** state income taxes. If eligible, the maximum reduction the taxpayer may receive is the amount of the **2013** credit.

Reductions granted in a taxpayer's taxes under Clause 57 are charged to overlay, but they are subject to the assessors' annual "appropriation," *i.e.*, allocation, of overlay dollars exclusively for the reduction. Assessors should include the amount of their proposed allocation in the estimate of overlay they provide during the annual budget process. Upon setting the tax rate, they should establish (1) the actual allocation for the fiscal year, (2) the reduction eligible taxpayers will receive that year, *e.g.*, 100% or 50% of the taxpayer's prior year circuit breaker credit, or \$500 or the prior year credit, whichever is less, and (3) the method for pro-rating the allowable reduction if the amount allocated is insufficient to provide it to all qualifying applicants. When the assessors have acted on all applications and have determined any potential exemption exposure due to appeals, they should notify the accounting officer that the surplus allocation, if any, is available for general overlay purposes for the year.

As with Clause 56, a taxpayer must apply to the assessors each year. **The taxpayer must file the application on or before December 15 of the year to which the tax relates, or within three months after the actual tax bill is sent, whichever is later. G.L. c. 59, § 59.** The application may be made using a regular abatement application or an application form developed by the assessors. To appeal the assessors' decision on the application, however, the taxpayer would use the regular abatement appeal process. The appeal would be taken to the ATB (or county commissioners if applicable) within three months of the date the assessors acted on the application, or the date the application was deemed denied, whichever is applicable. [G.L. c. 59, §§ 64-65B](#).

Some seniors who qualify for the reduction under Clause 57 may also qualify for a partial real estate exemption under other clauses of [G.L. c. 59, § 5](#), *e.g.*, as seniors, surviving spouses, blind persons or

veterans. **Those seniors who have their property taxes reduced by a Clause 57 exemption may not be granted another exemption, with the exception of a Clause 18 hardship exemption or Clause 45 exemption for solar or wind-powered improvements to the property. G.L. c. 59, § 5, first paragraph.** Assessors should grant the exemption that provides the taxpayer with the greatest benefit. **However, a Clause 57 exemption may be further increased if the municipality accepts the optional additional exemption under G.L. c. 59, § 5C½. See IGR No. 15-210, *Optional Additional Real Estate Exemption*.**

Seniors who receive a Clause 57 reduction should be aware that it may impact their future eligibility for the circuit breaker credit. Property tax payments for purposes of the credit include amounts paid in the state tax year, adjusted for abatements, exemptions and other reductions received in that year. See *Real Estate Tax Credit for Persons Age 65 and Older (known as the Circuit Breaker Credit)*.

Acceptance of Clause 57 may be revoked, but at least three years must have passed since the acceptance vote to do so. Revocation is also by vote of the community's legislative body, subject to charter. G.L. c. 4, § 4B. The exemption will cease in the fiscal year that begins the July 1 after the revocation vote, unless a later fiscal year is specified in the vote. The following or similar language may be used for the revocation vote:

VOTED: That the city/town revokes its acceptance of (insert citation), which (insert brief explanation), to be effective beginning in fiscal year (\_\_\_\_\_).

### **Notification Requirement**

**The city or town clerk must notify the Municipal Databank if Clause 56 (See “[Notification of Acceptance or Revocation](#)”), or Clause 57 (See “[Notification of Acceptance or Revocation](#)”), is accepted or revoked.** The notification should be made as soon as possible after the vote.