CITY OF CAMBRIDGE

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139

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ASSESSING DEPARTMENT

Sally Powers, Director
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June 1, 1995

TO: James P. Maloney, Assistant City Manager for Fiscal Affairs

FROM: Sally Powers, Director of Assessment

SUBJECT: Chelmsford Senior Tax Rebate Program

The Cambridge City Council has expressed an interest in initiating a program similar to one undertaken in Chelmsford, MA, where senior citizens can work for the Town and receive $5.00 per hour to be credited to their real estate tax bill.

Recently, in the *City and Town* publication put out by the Massachusetts Department of Revenue's Division of Local Services, there was a brief article addressing some of the issues to be considered in implementing such a program. The article recommended, in summary, that seniors receive payment for their services in the form of vouchers that could be presented to the collector and applied to their real estate tax obligations.

Copies of the article and of the Cambridge City Council resolution are attached to this memo.

Legal

In Our Opinion

Q: *May a municipality reduce real estate tax bills for senior citizen homeowners in exchange for services performed on behalf of the community?*

A: The Department has received many inquiries on this subject and although not all issues have been resolved, certain general observations can be made. While there is no provision in the municipal finance laws that would prohibit such an arrangement, the program may not be based upon an exemption or tax abatement *per se*. Massachusetts General Laws Ch.59 Sec.58 provides that a city or town may not provide a discount on property taxes. Furthermore, a community cannot create an abatement or exemption by ordinance or by-law. A city or town may grant abatements or exemptions only with the express approval of the Legislature. Accordingly, the town meeting, the town council or the city council must make a specific appropriation to fund any payment to program participants. Eligibility criteria for participants, e.g. income or skills, must also be determined by the community. Those participating would receive payment by check or, perhaps, receive a voucher that could be presented to the collector and applied to the real estate tax obligations.

Q: *What are local option statutes?*

A: At a general election in November 1980, voters adopted the measure known as Proposition 2½, which primarily limited the total real and personal property taxes that could be assessed annually in a community. Another provision of that initiative petition gave communities the choice of accepting certain state statutes that would create a new local cost obligation. Pursuant to the passage of Proposition 2½, the Legislature enacted M.G.L. Ch.29 Sec.27C, which provides in paragraph (a) that:

"Any law taking effect on or after January first, nineteen hundred and eighty-one imposing any direct service or cost obligation upon any city or town shall be effective in any city or town only if such law is accepted by vote or by appropriation of money for such purposes, in the case of a city by the city council in accordance with its charter, and in the case of a town by town meeting, unless the General Court, at the same session in which such law is enacted, provides, by general law and by appropriation, for the assumption by the Commonwealth of such cost, *exclusive of incidental local administration expenses* and unless the General Court provides by appropriation in each successive year for such assumption." (emphasis added)

Under the so-called Mandates Law, the Legislature must provide funding at the same time that a new financial burden is imposed on municipalities even if the mandate does not impose any obligation until a later year. However, if a community believes there is an unfunded mandate, the municipality may not disregard the law. The correct remedy is for the community to seek a court order exempting the municipality from the mandate. To further the aims of this statute, the Legislature created within the Office of the State Auditor the Division of Local Mandates. M.G.L. Ch.11 Sec.6B provides that the Division of Local Mandates is responsible for "determining to the best of its ability and in a timely manner the estimated and actual financial effects on each city and town of laws, and rules and regulations of administrative agencies of the Commonwealth... ."

As a consequence of the Mandates Law, the Legislature has enacted numerous statutes containing local option language. As provided in M.G.L. Ch.4 Sec.4, a local option statute is a law that is not effective in a particular community unless it has been adopted by the town meeting, city council or town council, or as otherwise specified in the particular statute. For example, M.G.L. Ch.59 Sec.5 Cl.41 provides a $500 exemption to elderly homeowners with modest income and few assets. A local option provision such as this, if adopted by a municipality, broadens the eligibility requirements for exemption and increases the number of exemption recipients who otherwise would have to apply under the more stringent general provisions of Clause 41. With certain exceptions as set forth in M.G.L. Ch.4 Sec.4B, a community may revoke a local option statute at any time after the expiration of three years from the date of its acceptance. ■

Composting Grants Awarded

The Department of Environmental Protection (DEP) Home Composting Bin Grant Program is underway in over 135 Massachusetts communities. The composting bin grants total $409,000 for 12,661 composting bins. The goal of the program is to reduce solid waste, and home composting is a way individuals can help significantly.

A successful pilot program was conducted in western Massachusetts in 1993. A total of 5,300 bins was sold at a discounted price. A recent follow-up survey shows that 92 percent of the bin purchasers are still composting and put out an average of 27 percent less garbage for disposal.

Residents in communities receiving the composting grants will be able to purchase the bins for between $16 and $20, a 50 percent discount off the state contract price.* The grant program requires that money generated from the sale of the bins be used for the purchase of ad-

continued on page six ➡

22.

CITY OF CAMBRIDGE
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EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

September 11, 1995

To The Honorable, The City Council:

With reference to Awaiting Report Item No. 10, regarding an elderly citizen tax rebate program, please find attached a response received from James Maloney, Director of Finance and Sally Powers, Director of Assessing. As can be seen in the attachment, there is no provision in the law for a City to offer a property tax rebate for services performed.

If the City wants such a program, we will have to have the individuals perform the service and then compensate (and tax) them accordingly. I will have staff in Human Services determine if there is elderly interest in such a program and if there is, will consider a pilot program in the FY97 budget.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec
attachments

Consent Agenda Item Number 22

S-277

Response to Awaiting Report Item Number Ten regarding an elderly citizen tax rebate program.

for original see 1995 City Manager Requests. # 39.

In City Council,

Sept. 11, 1995

Placed on file