



# City of Cambridge

O-7.

IN CITY COUNCIL

May 1, 2000

COUNCILLOR DAVIS  
COUNCILLOR SULLIVAN  
COUNCILLOR BORN  
COUNCILLOR BRAUDE  
COUNCILLOR DECKER  
MAYOR GALLUCCIO  
VICE MAYOR MAHER  
COUNCILLOR REEVES  
COUNCILLOR TOOMEY

WHEREAS: The Massachusetts legislature has recently enacted M.G.L. Chapter 59, Section 5K, a local option abatement for seniors to assist them in paying local property taxes through performing community work in exchange for voucher credit against outstanding property tax bills (see attachment); now therefore be it

ORDERED: That the City Council go on record accepting M.G.L. Chapter 59, Section 5K; and be it further

ORDERED: That the City Manager be and hereby is requested to direct the City Solicitor to draft an ordinance for City Council consideration as enactment establishing consistent rules and procedures for the program.

In City Council May 1, 2000.  
Adopted by a ye and nay vote:-  
Yeas 9; Nays 0; Absent 0.  
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in cursive script that reads "D. Margaret Drury".

D. Margaret Drury  
City Clerk



# CITY & TOWN

Frederick A. Laskey, Commissioner  
Joseph J. Chessey, Jr., Deputy Commissioner

A Publication of the Massachusetts Department of Revenue's Division of Local Services

## Senior Work-Off Abatement Program

written by Kathleen Colleary

Over the past few years a number of communities have instituted programs to assist senior citizens in paying their local property taxes. Under these "work" programs, cities and towns appropriate funds to employ seniors who perform needed work for the community at an hourly rate. Typically, these programs establish eligibility criteria seniors must meet to participate, and fix the hourly rate and total earnings paid. Instead of giving the seniors a paycheck, however, the treasurer issues vouchers for their net earnings. Seniors then take the vouchers to the collector's office to have them applied against their outstanding property taxes, or other municipal charges such as water or sewer bills. Alternatively, upon joining the program the seniors agree to have their net earnings credited directly to their bills. These programs have proved popular, but participating seniors do not receive an abatement or exemption. They are employees receiving earned income.

In order to address any state tax, minimum wage or other employment issues raised by these programs, the Legislature recently enacted a local option abatement for seniors patterned after their operation.<sup>1</sup> Under the new option, participating taxpayers volunteer their services to the municipality in exchange for an actual abatement of their tax bills. Taxpayers, who must be over 60 years old, are credited at an hourly rate that cannot exceed the state's minimum wage for their services. That wage rate is \$6 an hour effective January 1, 2000, and is scheduled to increase to \$6.75 effective January 1, 2001. They may earn a maximum property reduction of \$500 per fiscal year. The amount of the reduction is not considered income or

wages for state income tax withholding, unemployment compensation or workmen's compensation purposes. Participants are still employees for municipal tort liability purposes, however.

Abatements earned under the program are credited directly to a senior's actual tax bill and charged to the overlay account. The department supervising the senior's volunteer services certifies to the assessors the amount of money earned for services, as of the time the actual tax for the fiscal year is committed. The actual tax bill is then issued for the full year's tax, with the reduction shown on the bill as an abatement

### Assessors credit earned abatements directly to seniors' tax bills.

credit against the total tax. A copy of the certification must also be sent to the senior before the actual tax bill is issued.

Taxpayers may receive abatements under the work-off program in addition to any personal or residential exemptions they qualify for under other statutes. They may also defer the balance of their taxes if they are eligible to do so.

To implement the new abatement option, a community must first accept M.G.L. Ch. 59 § 5K by vote of town meeting, town council or city council, with the mayor's approval if required by law. After acceptance, the board of selectmen, town council or mayor with approval of the city council may implement a senior work-off program. The municipality should establish, preferably through by-law or ordinance, con-

sistent rules and procedures for the program. Since any abatement must be credited to the actual tax bills, communities planning to implement the program for fiscal year 2001, should accept the statute and establish program rules this spring.

Program rules should establish age, income, domicile and other eligibility standards the community considers appropriate for ensuring that the intended seniors benefit. A municipality may also want to establish a cap on its overlay exposure by limiting the number of seniors that may participate annually. The rules might also give responsibility for coordinating the program to a particular board or officer, or place limits on department heads for enlisting senior volunteers.

The rules should also set the hourly rate to be used in determining the abatements. That rate cannot be more than the state minimum wage. It should probably be no lower than the federal minimum wage in the event participants are not considered exempt volunteers under the federal Fair Labor Standards Act. The federal minimum wage is currently \$5.15 per hour.

For further information about implementing this new option, please refer to Informational Guideline Release 00-201, *Senior Citizen Property Tax Work-Off Abatement*, which was issued in January to assessors and other officials. ■

<sup>1</sup> M.G.L. Ch. 59 § 5K.



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1 M.G.L. Ch. 59 § 5K.

# City of Cambridge

MASSACHUSETTS

In City Council 5/1, 2000

*Accepting MGL Ch 59 Sec 5K - Local Option*

YEA	NAY	ABSENT	PRESENT	
✓				Ms. Kathleen L. Born
✓				Mr. James Braude
✓				Ms. Henrietta Davis
✓				Ms. Marjorie C. Decker
✓				Vice Mayor David P. Maher
✓				Mr. Kenneth E. Reeves
✓				Mr. Michael A. Sullivan
✓				Mr. Timothy J. Toomey, Jr.
✓				Mayor Anthony D. Galluccio

17D  
MS

6

M.G.L. Ch. 59 <sup>Sec. 51K</sup>

07

(see attachment)

W/A

The Massachusetts legislature has recently enacted a local option abatement for seniors to assist them in paying local property taxes through performing community work in exchange for credits voucher credit against outstanding ~~tax~~ property tax bills; none therefore sent

o That the CC go on record accepting M.G.L. Ch. 59, Sec. 51K; and be no further ~~action~~

o That the CM be + hb is requested to direct the City Solicitor to draft an ordinance for City Council consideration on ~~enactment~~ establish consistent rules and procedure for the program



Frederick A. Laskey, Commissioner  
Joseph J. Chessey, Jr., Deputy Commissioner

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May 1, 2000

COUNCILLOR DAVIS  
COUNCILLOR SULLIVAN

- WHEREAS:** The Massachusetts legislature has recently enacted M.G.L. Chapter 59, Section 5K, a local option abatement for seniors to assist them in paying local property taxes through performing community work in exchange for voucher credit against outstanding property tax bills (see attachment); now therefore be it
- ORDERED:** That the City Council go on record accepting M.G.L. Chapter 59, Section 5K; and be it further
- ORDERED:** That the City Manager be and hereby is requested to direct the City Solicitor to draft an ordinance for City Council consideration as enactment establishing consistent rules and procedures for the program.

79 CM

**Order #7**

Accept M.G.L. Chapter 59 Section 5K, local option abatement for seniors to assist them in paying local property taxes through performing community work, and draft an ordinance to establish consistent rules and procedures for the program.

**Councillors Davis and Sullivan**

In City Council May 1, 2000

**ORDER ADOPTED**

9-0-0