

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF REVENUE
DIVISION OF LOCAL SERVICES**

Property Tax Bureau
Informational Guideline Release (IGR) No. 90-212
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**LOCAL OPTION PROPERTY TAX EXEMPTION
FOR RESIDENTIAL IMPROVEMENTS TO PROVIDE ELDERLY HOUSING**

Chapter 494 of the Acts of 1989
(Amending G.L. Ch. 59 §5 CL. 50)

SUMMARY:

This legislation amends General Laws Chapter 59, Section 5, Clause 50, which permits a community to grant, at local option, a property tax exemption for improvements to residential property if necessary to provide housing for a person at least 60 years old. These amendments clarify the types of property and improvements that qualify for the exemption and make the exemption easier to administer.

Specific changes made by the legislation include (a) limiting the Clause 50 exemption to improvements made to an owner-occupied house up to three units before the improvements, (b) limiting the amount of the exemption to \$500 of taxes due and (c) requiring an annual statement under oath from the property owner that the improvements are necessary to provide housing for a person at least 60 years old. Prior to the amendment, there were no limitations on the type of property qualifying for the exemption or the amount that could be exempted. In addition, the applicant had to obtain an annual certification from the local housing authority that the improvements were necessary to provide the housing for the older person.

GUIDELINES:

1. Acceptance and Effectiveness

Clause 50 exemptions may only be granted in communities that have accepted the provisions of the law. Acceptance requires the vote of town meeting in towns and the vote of the city council, with the approval of the mayor where required, in cities.

- a If a community has already accepted the provisions of Clause 50, the new amendments will apply to any Clause 50 exemptions granted on or after February 5, 1990. No additional acceptance is necessary.
- b In all other communities that accept the provisions of Clause .50, the new amendments will apply to exemptions granted on or after February 5, 1990 or the date of acceptance, whichever is later.

2. Eligibility

Alterations and improvements will be eligible for exemption in any fiscal year if:

- a They were made after the date of local acceptance of the provisions of Clause 50 and they would be taxable in that fiscal year, i.e., they were completed by the assessment date for that fiscal year.

For example, Yourtown accepts the statute on March 6, 1990. The town issues FY90 tax bills in May 1990. Taxpayer A applies for an exemption in FY90 for alterations and improvements made during March and April 1990. These improvements do not qualify because they were not in existence on January 1, 1989 and, therefore, were not valued and assessed for FY90.

Moreover, the improvements would not qualify for exemption in FY91 unless the town has also accepted the provisions of action 40 of Chapter 653 of the Acts of 1989, which permit new construction and improvements built between January first and June thirtieth to be taxed for the fiscal year that begins on July first. In this case, if the

town had accepted Ch. 653, §40, then the improvements would have been valued and assessed for FY91 and since they were made after the date the town accepted Clause 50, they would be eligible for exemption.

- b. They were made to a residential property that was not more than three units before the improvements or alterations were made and that is owned and occupied by the person seeking the exemption as his domicile.
- c. They were made to provide housing for a person at least 60 years of age who is not the owner of the property.

The older person must be at least 60 years old and must live in the property on July first for the property owner to qualify for the exemption. If the older person moves from the premises during the year and another person at least 60 years old has not moved in by the next July first, the property owner would not qualify for an exemption in the next fiscal year.

3 Application Form and Deadline

A taxpayer must file an application with the assessors in each year for which an exemption is sought. This annual application must be in writing on a form approved by the Commissioner of Revenue and must include a sworn statement that the alterations or improvements were made to provide housing for a person who is at least 60 years old.

The deadline for filing the exemption application is October first or 30 days after the tax bills were mailed, whichever is later.

4. Exemption Amount

The amount to be exempted is the increase in value to the residential property that is attributable to the improvements or alterations up to a maximum exemption of \$500 in taxes due.

The Division of Local Services is responsible for oversight of and assistance to cities and towns in achieving equitable property taxation and efficient fiscal management.

The Division regularly publishes IGRs (informational Guideline Releases detailing legal and administrative procedures) and the BULLETIN (announcements and useful information) for local officials and others interested in municipal finance.

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