CITY OF MELROSE

APPROPRIATIONS & OVERSIGHT COMMITTEE

AGENDA● JANUARY 27, 2025

Council Chamber, First Floor, Melrose City Hall **Committee Meeting** **7:30 PM**
562 Main Street, Melrose, MA 02176

I. CALL TO ORDER

Mark Garipay	Chair
Maya Jamaleddine	Vice Chair
Cal Finocchiaro	
Ward Hamilton	
Manjula Karamcheti	
Leila Migliorelli	President, Ex Oficio
John Obremski	
Devin Romanul	
Robb Stewart	
Kimberly Vandiver	
Ryan Williams	

II. PUBLIC COMMENT

tcifuni@cityofmelrose.org is inviting you to a scheduled Zoom meeting.

Topic: City Council Sub Committee Meetings
Time: Jan 27, 2025 07:00 PM Eastern Time (US and Canada)
Join Zoom Meeting
https://cityofmelrose-org.zoom.us/j/93496847123?pwd=fhYnmOqsbgIC18wCWaLAkvotWGbcHZ.1

Meeting ID: 934 9684 7123
Passcode: 310876

III. LEGISLATIVE ITEMS

1. **(ID # 12401):** Local Options for Veterans Tax Relief under the HERO Act

   From: City Council ASSIGN TO COMMITTEE

2. **(ID # 12403):** Request for the Approval of Petition to Enact Legislation Authorizing the City of Melrose to Establish a Means Tested Senior Citizen Property Tax Exemption in the New Amount of 100% of the Circuit Breaker Income Tax Credit.

   Sponsored by: Sarah MacLellan

From: City Council ASSIGNED TO COMMITTEE

IV. ADJOURNMENT

CITY OF MELROSE

In City Council

January 27, 2025

AN ORDER

(ID # 12401)

Local Options for Veterans Tax Relief under the HERO Act

BE IT ORDERED

This informational order introduces new provisions established under the Massachusetts Act Honoring, Empowering and Recognizing Our Servicemembers and Veterans (“HERO” Act), Chapter 178 of the Acts 2024. Two new local options created under this legislation are available for adoption and implementation for Fiscal Year 2026. Additionally, the Act changes how eligibility for the motor vehicle exemption for a veteran with a service-connected disability is established. These provisions provide expanded property tax relief for Veterans and their families.

HISTORY:

01/21/25	**City Council**	**ASSIGN TO COMMITTEE**

In the Appropriations & Oversight Committee
Ordained Roll Call

Passed January 27, 2025

Tanji Joy Cifuni, City Clerk

____
Leila B. Migliorelli, President
Appropriations & Oversight Committee

____
Jennifer Grigoraitis, Mayor

____
Date

____
Date

CITY OF MELROSE

BOARD OF ASSESSORS

City Hall, 562 Main Street
Melrose, Massachusetts 02176
Telephone - (781) 979-4104

Sarah MacLellan
Chief Assessor
smaclellan@cityofmelrose.org

To:	The Honorable City Council
From:	Sarah MacLellan
Meeting Date:	January 21, 2025
Subject:	Veterans Tax Exemptions Established Under the HERO Act

This memorandum introduces municipal finance related provisions in the "HERO" Act**.** The Act adds Clauses 22I and 22J to Massachusetts General Law (MGL) Chapter 59, Section 5. These clauses increase existing property tax exemption amounts for veterans with disabilities and their surviving spouses. Additionally, the legislation changes to how eligibility for the motor vehicle exemption for a veteran with a service-connected disability is established.

Changes in property tax exemption laws apply prospectively as of the next qualification date after the effective date of the amendments. The qualification date for the exemptions set forth in Clauses 22I and 22J is July 1, 2025, and as such, Melrose will be able to adopt them, as described herein, for the upcoming Fiscal Year, 2026.

Clause 22I, if accepted, would increase the amount of the tax exemption granted to veterans on their domiciles under Clauses 22, 22A, 22B, 22C, 22E and 22F annually by a cost-of-living adjustment (COLA) determined by the Department of Revenue (DOR) that is based on the consumer price index (CPI). This would work like the annual COLA adjustment which was adopted in 2021 as a local option for Melrose's 41C senior exemption qualifying income and asset amounts. The increases to exemption amounts resulting from adoption of this provision operate cumulatively.

Clause 22J, if accepted, provides an additional exemption up to 100% of the amount of the tax exemption granted to veterans on their domiciles under Clauses 22, 22A, 22B, 22C, 22E and 22F annually. The voted percentage will continue to apply in subsequent years unless and until another percentage is voted before the July 1 beginning of a later fiscal year.

There is no additional state reimbursement for the cost of either of these additional exemptions. Like all other statutory exemptions, the additional cost would be funded from the city's overlay account, which is raised in the tax rate without appropriation.

In FY 2024 in Melrose, there were 101 eligible Veterans under Clause 22 for a total of $40,400 and 26 eligible Veterans under Clause 22E for a total of about $24,800. The exemption amount under Clause 22 is currently at $400 and the exemption amount under Clause 22E is currently $1,000.

If the city adopts Clause 22I for FY 2026 and the COLA is determined by DOR to be 5%, the exemption amount for Clause 22 would increase to $420 and for Clause 22E the exemption would increase to $1,050. Please see chart below for further demonstration of exemption amounts should local option Clause 22I, Clause 22J, or both clauses be adopted:

	FY25	FY26			FY27			FY28		
		22I only*	22Jonly**	22I & 22J	22I only*	22Jonly**	22I & 22J	22I only*	22Jonly**	22I & 22J
Cl. 22	$400.00	$420.00	$600.00	$630.00	$441.00	$600.00	$661.50	$463.05	$600.00	$694.58
Cl. 22E	$1,000.00	$1,050.00	$1,500.00	$1,575.00	$1,102.50	$1,500.00	$1,653.75	$1,157.63	$1,500.00	$1,736.44

* 22I option factored at 5% COLA for each year for demonstration purposes

** 22J option factored at additional 50% exemption amount each year for demonstration purposes

The HERO Act also changes how eligibility for the motor vehicle exemption for a veteran with a service-connected disability is established. Previously, the Medical Advisory Board (MAB) within the Registry of Motor Vehicles (RMV) determined that the veteran had the qualifying disability. Under the amendment, eligibility will be based on a disability determination by the U.S Department of Veteran Affairs (VA), as is the case with other motor vehicle and property tax exemptions available to veterans. Now, a veteran will qualify for a motor vehicle exemption if the VA determines they have a 100% disability rating or deems them unemployable due to their service-connected disability. Unlike adoption of Clauses 22I and 22J, the change made under G.L. c. 60A, § 1 for eligibility for motor vehicle excise exemption went into effect immediately after passage, for calendar year 2024 excises.

CITY OF MELROSE

In City Council

January 27, 2025

AN ORDER

(ID # 12403)

Request for the Approval of Petition to Enact Legislation Authorizing the City of Melrose to Establish a Means Tested Senior Citizen Property Tax Exemption in the New Amount of 100% of the Circuit Breaker Income Tax Credit.

BE IT ORDERED

AN ACT AUTHORIZING THE CITY OF MELROSE TO ESTABLISH A MEANS TESTED SENIOR CITIZEN PROPERTY TAX EXEMPTION

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. With respect to each qualifying parcel of real property classified as class one, residential in the city of Melrose there shall be an exemption from the property tax in an amount as provided for in section 3.

The exemption shall be applied to the domicile of the taxpayer only. For the purposes of this act, “parcel” shall be a unit of real property as defined by the board of assessors of the city under the deed for the property and shall include a condominium unit. The exemption provided for herein shall be in addition to any and all other exemptions allowed by the General Laws.

SECTION 2. Real property shall qualify for the exemption pursuant to section 1 if all of the following criteria are met: (1) the qualifying real property is owned and occupied by a person whose prior year’s income would make the person eligible for the circuit breaker income tax credit pursuant to subsection (k) of section 6 of chapter 62 of the General Laws; (2) the qualifying real property is owned by a single applicant age 65 or older at the close of the previous year or jointly by persons either of whom is age 65 or above at the close of the previous year, if the joint applicant is 60 years of age or older; (3) the qualifying real property is owned and occupied by the applicant or joint applicants as their domicile; (4) the applicant or at least 1 of the joint applicants has been domiciled and owned a home in the city of Melrose for at least 10 consecutive years before filing an application for the exemption; (5) the assessed value of the domicile is no greater than the prior year’s maximum assessed value for qualification for the circuit breaker income tax credit pursuant to said subsection (k) of said section 6 of said chapter 62, as adjusted annually by the department of revenue; and (6) the board of assessors has approved the application.

SECTION 3. The exemption amount provided for in section 1 above shall be one hundred percent of the circuit breaker income tax credit pursuant to subsection (k) of section 6 of chapter 62 of the General Laws for which the applicant qualified in the previous year. The total amount exempted by this act shall be allocated proportionally within the tax levy on all residential taxpayers.

SECTION 4. A person who seeks to qualify for the exemption pursuant to section 1 shall, before the deadline established by the board of assessors, file an application, on a form to be adopted by the board of assessors, with the supporting documentation of the applicant’s income and assets as described in the application. The application shall be filed each year for which the applicant seeks the exemption. The board of assessors of the city of Melrose may deny an application for an exemption pursuant to section 1 if they find the applicant has excessive assets that place the applicant outside the category of intended recipients of the senior exemption created by this act.

SECTION 5. No exemption shall be granted under this act until the department of revenue certifies a residential tax rate for the applicable tax year where the total exemption amount is raised by a burden shift within the residential tax levy.

SECTION 6. This act shall take effect immediately upon passage, and shall replace Chapter 100 of the Acts of 2022. This act shall be repealed after 3 years of implementation of this exemption.

HISTORY:

01/21/25	**City Council**	**ASSIGNED TO COMMITTEE**

In the Appropriations & Oversight Committee
Ordained Roll Call

Passed January 27, 2025

Tanji Joy Cifuni, City Clerk

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Leila B. Migliorelli, President
Appropriations & Oversight Committee

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Jennifer Grigoraitis, Mayor

____
Date

____
Date

CITY OF MELROSE

BOARD OF ASSESSORS

City Hall, 562 Main Street
Melrose, Massachusetts 02176
Telephone - (781) 979-4104

Sarah MacLellan
Chief Assessor
smaclellan@cityofmelrose.org

To: The Honorable City Council
From: Sarah MacLellan
Meeting Date: January 21, 2025
Subject: Senior Means-Tested Property Tax Exemption

Purpose

This memo outlines options for reestablishing the senior means-tested property tax exemption legislation, originally enacted three years ago, and its potential impacts on the city's senior population and fiscal sustainability. Per Chapter 100 of the Acts of 2022 Session laws, in the absence of action on this measure by the City Council, the current Senior Circuit Breaker tax Exemption program will end effective July, 2025.

Background

In Fiscal Year 2023, the City implemented legislation offering a property tax exemption for qualifying senior residents based on receipt of the Massachusetts Senior Circuit Breaker Tax Credit on their personal income tax return. This initiative aimed to support seniors with limited financial resources, enabling them to remain in their homes despite rising property taxes.

Program Assessment

Over the past three years, the program has:

1. Provided financial relief to 209 senior households, most for multiple years, helping them remain in the community.
2. Maintained $616,191 of the city's overall tax revenue while redistributing the tax burden equitably.

However, some challenges include:
•Administrative complexities of annual verification and tax rate shift processes.
•Variability in participation rates due to lack of awareness or change in eligibility thresholds, i.e. the "see-saw effect".

•Doubling of Massachusetts Senior Circuit Breaker Personal Income Tax Credit caused the Exemption amount and therefore the funding amount to significantly increase, without a change in legislation – financial controls are not at local level.
•Concerns over funding equity, as the program redistributes the tax burden to non-exempt taxpayers.
•Concerns over the increases in cost to fund the program amongst non-exempt residential taxpayers, while other increases in tax rate will be occurring simultaneously – debt exclusion from the public safety building project, funding of expanded senior and veteran work off programs, funding for Veterans exemptions options though the HERO Act, etc.

Options for Renewal
1.**Renew Legislation as Is**
•Maintain existing criteria.

Pros: Continuity for current beneficiaries.
Cons: May not address concerns listed above.

2. **Implement an Exemption Amount to be Chosen Annually by City Council**
• City Council shall annually set the exemption amount, provided that the amount of the exemption shall be within a range of 50 per cent to 200 per cent of the amount of the circuit breaker income tax credit.
•Pros: reflects current financial conditions.
•Cons: complex to administer during Tax Rate Setting process.

3. **Implement a flat Exemption Amount**
•Exemption amount can be set at a flat percentage anywhere from 50 per cent to 200 per cent of the amount of the circuit breaker income tax credit. This would remain in place for three years.
•Pros: Easy to administer during Tax Rate Setting process.
•Cons: will remain static for three years, may not reflect current financial conditions.

Recommendation

Given the success of the program and its importance to senior residents, I recommend reenacting the legislation with the following adjustment:

➢ **Adjust Exemption Amount to 100% of Massachusetts Circuit Breaker Tax Credit**.

This adjustment strikes a balance between supporting seniors and maintaining fiscal responsibility, while giving consideration to the forthcoming financial circumstances in the community.

Next Steps

The first step in the Home Rule Petition process is for the City to obtain local approval - by its legislative body - of the petition. Consistent with Melrose Charter provisions and Council Rules of Order, such approval may be given by a simple majority vote of Council.

If approved by City Council at the local level, a certified copy of the votes taken by City Council approving the Home Rule Petition, as well as the proposed legislation should then be forwarded to the local legislative delegation with a request that the proposed legislation be filed on the City's behalf. This filing should include a copy of the City Council's vote, including the date, attested to by the signature of the City Clerk. Given the form of the proposed bill, the Legislature will then be free to amend the text as necessary within the scope of the general objectives of the petition.