City of Cambridge FY 2011 Property Tax Exemptions and Tax Deferral Information

★ A NEWSLETTER FROM THE CITY OF CAMBRIDGE ★ EXECUTIVE DEPARTMENT ★

Dear Taxpayer:

The FY 2011 first half property tax bills were mailed to property owners on October 22,2010. Payment is due on November 22,2010. This newsletter contains information about property tax exemptions that may reduce your tax obligation. The newsletter also contains information about who is eligible to defer the payment of taxes. Please read this information carefully, and if you think you are eligible for one or more of the exemptions or the tax deferral program, contact the City of Cambridge Assessor's Office at 617 349 4343 to request an application form or to discuss your particular situation.

The City of Cambridge continues to offer one of the most generous tax exemption programs in the Commonwealth. Each year, the Cambridge City Council votes to double the value of the statutory exemptions and to index income and asset levels to keep pace with inflation. Cambridge is one of only a handful of municipalities in the Commonwealth that double the value of statutory exemptions. Additionally, each year the City Council votes to adopt the highest residential exemption allowed by law. The FY 2011 residential exemption is $ 196,226 which results in a tax bill reduction of $ 1,601.20 for owners who reside in their property and file a Massachusetts income tax return using that address. Additional information on all exemptions is available on the City of Cambridge website, www.cambridgema.gov. Go to the Departments link, then click on Assessing Department.

This is the third newsletter issued to Cambridge taxpayers in an effort to provide information regarding the City's budget and property taxes. I hope this information has been useful. If you have questions or concerns, please contact one of the City departments listed on the back of this newsletter.

Sincerely,

ROBERT W. HEALY, *CITY MANAGER*

Abatement Application Due Date: November 22, 2010
Exemption Application Due Date: January 24, 2011

Elderly, Veteran and Other Statutory Exemptions

A variety of statutory exemptions are available to reduce property tax obligations for certain qualifying taxpayers: elderly persons, blind persons, disabled veterans, surviving spouses or orphaned minor children, and extreme hardship. Each year, you must re-apply for a statutory exemption. **Applications for FY 2011 statutory exemptions are due no later than January 24, 2011**

General Qualifications For Exemptions: Applicants must meet age and residency qualifications as of July 1, 2010 . In most cases, the applicant must have owned and occupied real estate property in Massachusetts for five years (and owned and occupied the present property on July 1 in the year of application), and Massachusetts must have been the applicant's place of domicile for the preceding ten years. In some circumstances, if two or more persons jointly own a property and each qualifies for a different exemption, more than one exemption may be applied to a single property tax bill.

Because of the number and complexity of exemptions, the following table is intended only to give you a general idea of what is available. For more information, please contact the Assessing Dept. at 617 349 4343.

For Owners of Property in Trust: Trust ownership arrangements may affect qualification for a statutory exemption. As a general rule, an applicant must be a trustee and a beneficiary and submit:

- ★ A copy of a recorded trust instrument, including amendments.
- ★ A copy of the schedule of beneficiaries.

Consult your attorney if these requirements affect you!

CLAUSE	BASIC QUALIFICATIONS AS OF JULY 1, 2009	MAXIMUM INCOME*	MAXIMUM ASSETS*	POTENTIAL TAX RELIEF
ELDERLY				
17D	Age 70	No maximum	$55,775	$280 - $560
41C	Age 65 - single	$23.061	$46,122	$1,000 - $2,000
41C	Age 65 - married	$34,592	$63,418	$1,000 - $2,000
VETERAN (includes 2007 Legislative changes)				
22	10% disability or purple heart	No maximum	No maximum	$400 - $800
22A	Loss or permanent loss of use of one hand, foot, or eye	No maximum	No maximum	$750 - $1,500
22B	Loss or permanent loss of use of both hands, or feet or eyes	No maximum	No maximum	$1,250 - $2,500
22C	Specially adapted housing	No maximum	No maximum	$1,500 - $3,000
22E	100% disability, incapable of working	No maximum	No maximum	$1,000 - $2,000
22D	Surviving spouse of service member or guardsman who died as a result of being in a combat zone	No maximum	No maximum	Full
58/8A	Paraplegic veteran & surviving spouse	No maximum	No maximum	Full
OTHER				
17D	Surviving spouse or orphaned minor child	No maximum	$55,775	$280 - $560
37A	Legally blind	No maximum	No maximum	$500 - $1,000
42/43	Surviving spouse or minor children of police officer or firefighter killed in line of duty	No maximum	No maximum	Full
18	Extreme hardship	Case by Case	Case by Case	Varies

***Income:** Salary, wages, interest, dividends, rental income, IRA distributions, pensions.

***Assets:** Stocks, bonds, IRAs, bank account balance, real estate holdings other than primary residence.

Residential Exemption

More than two-thirds of the residential property in Cambridge is owner-occupied. You are eligible for a residential exemption if you owned and occupied your property as your primary residence as of January 1, 2010 . If your property serves as your primary residence, check your bill to make sure that you have received the residential exemption. If you do not see this exemption on your bill, an application form must be submitted no later than January 24, 2011 . You may obtain the form by calling the Assessing Department at 617 349 4343, or by downloading the form from the City's website: **www.cambridgema.gov**. The form is available under "Online Services, City Permits and Applications." You do not need to reapply each year.

Tax Deferral Programs

Senior Tax Deferral Program

Home owners who are 65 years of age or older and who meet certain income and asset guidelines are eligible to defer up to 100% of annual property taxes. As required by state law, deferred taxes accumulate with simple interest at 4% as a lien on the property until it is sold or the owner is deceased.

Massachusetts Military Service Tax Payment Deferment

Another form of tax relief available to Massachusetts National Guardsmen and reservists deployed outside of the state is the Massachusetts Military Service Tax Payment Deferment. National Guardsmen and reservists deployed outside of Massachusetts, and their dependents, are granted up to 180 days after that service to pay their property taxes without interest or penalties. This local option statute is patterned after the provisions of the Federal Service members Civil Relief Act which allows similar benefits for federal, state or local income taxes. The deferment applies to all outstanding property taxes of qualifying guardsmen or reservists and their dependents, regardless of when the taxes fell due.

Senior Work program

DHSP offers positions to Cambridge Seniors to work approximately 75 hours during the year at either Senior Center. Duties include assisting in senior center activities, mailings and other office tasks. All work is performed onsite at the Senior Centers. Qualifications include being a Cambridge resident, 60 years of age or older, and meeting the Cambridge Housing Authority's income guidelines. The program serves seniors who are either home owners or renters.

Community Preservation Act (CPA)

CPA Residential Exemption

The first $100,000 of residential property value is automatically exempt from the CPA surcharge. The CPA charge on your FY **2011** bill is calculated based on the $100,000 exemption.

CPA Low/Moderate Income Exemption

Qualifying lower income owners and low-to-moderate income seniors may be eligible for a full surcharge exemption, based on income guidelines established by the Commonwealth each year. The form is available online.

Guidelines:

- ★ Applicant must own and occupy the property as primary residence as of January 1, 2010.
- ★ Applicant and each co-owner must have household income for the calendar year **before** January 1, 2010 at or below the limit for that owner's household type and number (see chart below for specific formula by household type).

HOUSEHOLD SIZE	SENIOR HOUSEHOLD (60+)	NON-SENIOR HOUSEHOLD
1 PERSON	$63,100	$46,300
2 PERSONS	$72,200	$52,950
3 PERSONS	$81,200	$59,550
4 PERSONS	$90,200	$66,150
5 PERSONS	$97,400	$71,450

Note: The annual income limit is based on the Median Income for the Boston area set by the U.S. Dept. of Housing and Urban Development (HUD). If your household is larger than five persons, please contact the Assessor's Office for the formula.

Senior "Circuit Breaker" Tax Credit – State Income Tax Return

Since January 1, 2001, an income tax credit program has been in effect to help eligible seniors reduce their property tax even further. Chapter 127, sections 80 - 81 of the Acts of 1999 (the FY 2000 State Budget) amended M.G.L. Ch. 62, s. 6 by instituting a tax credit to assist low and moderate-income seniors in paying property taxes and utility charges. Under this program, eligible homeowners and renters receive a refundable credit on their **state income taxes,** if they file annual income tax returns (for the previous taxable year). This is a State program. For more information, please contact the Massachusetts Department of Revenue Customer Service at 617 887 6367.

What If I Have a Tax Related Question or Want More Information?

Ask The Treasurer

E-MAIL: treasurer@cambridgema.gov

SEND MAIL TO:
The City Treasurer
Cambridge City Hall
795 Massachusetts Avenue
Cambridge, MA 02139

VISIT THE CITY'S WEBSITE: www.cambridgema.gov
Sign up for Cambridge E-Line to receive periodic electronic newsletters, alerts and City publications.

CONTACT A DEPARTMENT:
Assessing Department for Property Value Info. 617 349 4343
Budget Office for Expenditure/Revenue Info. 617 349 4270
Finance Department for Tax Bill Info. 617 349 4220
City Manager's Office for General Info. 617 349 4300

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