

## **FINANCE COMMITTEE MINUTES**

Meeting Date: 11 January, 2007

### CALL TO ORDER

The Meeting was called to order at 7:05 P.M. in the Town Room, Town Hall

### COMMITTEE MEMBERS IN ATTENDANCE

Alice Carlozzi (chair), Marilyn Blaustein, Paul Bobrowski, Douglas Slaughter, Andrew Steinberg

### OTHERS PRESENT

John Musante (Finance Director/Treasurer), Walter Wolnik, Eva Schiffer, Stephanie O'Keefe, Robie Hubley (Select Board member), others

### COMMITTEE AGENDA

1. Finance Director Comments
2. Overrides: Review draft
3. Members' reports
4. Next meetings: dates and agendas
5. Miscellaneous

### COMMITTEE ACTION

Approval of Minutes of 12/14/2006, with minor amendments: 5-0.

### DISCUSSION

Musante reported on following:

1. Town Manager's transmittal letter is on the town website
2. The Manager has met the Committee's 1% guideline
3. Attached to the transmittal letter is a prioritized list of restorations, should money become available, with Fire and Police at the top of the list
4. By Tuesday, January 16, the comprehensive budget book will be available, hopefully posted on the web
5. The Manager, schedule permitting, will make a presentation before the Committee on January 25, 2007
6. The Manager's budget does have an impact on the Safer grant going forward
7. Governor Patrick, when meeting with MMA in the next week, will hopefully give clearer signals on the level of state aid planned for the next fiscal year

Committee Review of Overrides draft document included the following topics/comments:

1. Rearrangement of the order of topics
2. Consolidation of topics
3. The history section and the discussion of 4% growth needed clarification
4. Improvement/changing/consolidation of charts
5. Missing charts to be inserted
6. Musante commented that he would bring new budget projections next week

7. Musante noted that there were 2 new pieces of budget information
  - a. New growth in town is now lower than anticipated, resulting in a \$70k decline in revenues
  - b. Retirement cost projections were better than anticipated
  - c. Net result is that these changes largely offset each other
8. Average tax bill charts were discussed in great detail, including various bases for comparison
9. Impact on tenants of rental properties was also discussed: inconclusive

MISCELLANEOUS:

1. Budget overview planned for January 25<sup>th</sup> meeting
2. Next week: work exclusively on the draft
3. Steinberg raised the question as to the Finance Committee's role in discussing/reporting on tax implications of new development; e.g. a new condo development proposal in town.

MEMBER REPORTS: None

REPORT OF CHAIR: Carlozzi reported that she had obtained from the School Committee the Budget Planning document, which she would bring to the next meeting; Musante said he would try to have it posted to the web.

ADJOURNMENT

The meeting adjourned at 9:00 P.M.

Respectfully submitted,

Paul Bobrowski  
Acting Clerk

## Appendix A

Nov. 27, 2006

### PROPERTY TAX MITIGATION

Amherst currently offers the maximum dollar amount of property tax exemptions and deferrals, with the least restrictive qualifications, allowed under state law. In addition, the town offers a tax work-off program. Amherst Town Meeting has also voted, for the last few years, to adopt the local option allowing an additional optional exemption up to 100 percent of the state amount. Separately, the state offers a property tax “circuit breaker” credit on state income tax for qualified people 65 and older.

#### EXEMPTIONS

Exemptions, which reduce the amount of property tax owed, must be applied for annually. Exemptions are available to the following people:

1. Disabled veterans — exemption of \$400\* to \$1,000\*, based on amount of disability.
2. The blind — exemption of \$500\*
3. Surviving spouses, and minor children with one deceased parent, who own and occupy the property; and who have whole estates (not counting value of domicile) no greater than \$40,000 — exemption of \$175\*
4. People 70+ who have owned and occupied the property for at least 5 years; and who have whole estates (not counting value of domicile) no greater than \$40,000 if single, \$55,000 if married — exemption of \$175\*
5. People 65+ who have owned and occupied any property in Massachusetts for at least 5 years and lived in state for at least 10 years; who have gross receipts no greater than \$20,000\* if single, \$30,000\* if married, and whole estates (not counting value of domicile) no greater than \$40,000 if single, \$55,000 if married — exemption of up to \$1,000\*

The state partially reimburses the town for exemptions.

Currently, 127 people are getting exemptions.

#### DEFERRALS

Property owners qualifying for deferrals do not have to pay property taxes. The town puts a lien on the property, and all deferred property taxes must be paid with interest to the town when the property is sold or transferred to another owner. (The 2006 Annual Town Meeting reduced the interest rate to 4 percent.) A taxpayer who already receives an exemption may apply to defer the rest of the tax.

Deferrals are available to people 65+ who have owned and occupied any property in Massachusetts for at least 5 years and lived in state for at least 10 years; who have gross receipts no greater than \$20,000 (state min – local option \$40,000 – have we done this?). Currently, 3 people are getting deferrals, and at least 3 more are likely.

Deferrals are also available to those experiencing temporary financial hardship who are being called to active military duty, or who are older with physical or mental illness, disability or impairment. No such people are currently getting deferrals.

#### TAX WORK-OFF

The Tax Work-Off plan allows residents 60 years and older, who have an annual adjusted gross income of \$30,000 or less, to work off up to \$750 in property taxes a year at a rate of \$6.75 an hour. A maximum of 20 people may participate. Work must be completed by December 15th of each year. (This can be in addition to any property-tax exemption.) Currently, 17 people are participating.

#### “CIRCUIT BREAKER” STATE INCOME TAX CREDIT FOR SENIORS

Homeowners and renters age 65+ may be eligible to claim a refundable credit of up to \$870\* on their state income taxes for the real estate taxes paid during the tax year on the residential property they own or rent in Massachusetts that is their principal residence. The taxpayer's total income can't exceed \$46,000\* for a single filer who is not the head of a household, \$58,000\* for a head of household, or \$70,000\* for taxpayers filing jointly; and for homeowners, the assessed valuation, before residential exemptions but after abatements, cannot exceed \$684,000\*. Renters may qualify with 25% of their rent being considered real estate taxes. Fifty percent of water and sewer use charges paid during the tax year may be added when calculating their credit. If the credit due the taxpayer exceeds the amount of the total income tax payable for the year by the taxpayer, the excess amount of the credit will be refunded to the taxpayer without interest.

\* In 2006. Amounts are adjusted annually based on changes in the cost of living.

**Appendix B**

Copy of Carlozzi's Pros and Cons Sheet.....