

JOINT COMMITTEE ON REVENUE ~ HOUSE BILL SUMMARY

Bill Number: S.2022

Name: RESOLVE PROVIDING FOR AN INVESTIGATION AND STUDY BY A SPECIAL COMMISSION RELATIVE TO A SENIOR STATE PROPERTY TAX DEFERRAL PROGRAM

Sponsor(s): Sen. Edward J. Kennedy (Lowell)

Hearing Date: April 8, 2025

Prior History: 2023-24 (S.1853): Ordered to Senate Study
2021-22 (S.1894): Ordered to Senate Study
2019-20 (S.1693): Ordered to Senate Study

CURRENT LAW:
N/A

PROPOSED CHANGE(S):

This resolve would create a special commission to determine the feasibility of establishing a state property tax deferral program for taxpayers ages 65 and older through the establishment of a three year pilot program. The purpose of this proposed pilot would be to learn what percentage of eligible households opts into the program to learn what size a revolving loan would need to be to administer said state deferral program.

This proposed commission would consist of:

- House and Senate Chairs of the Joint Committee on Revenue, who would serve as co-chairs;
- Commissioner of the Massachusetts Dept. of Revenue, or a designee;
- House and Senate Chairs of the Joint Committee on Elder Affairs;
- 1 member appointed by the Senate Minority Leader;
- 1 member appointed by the House Minority Leader;
- 1 representative of the Massachusetts Statewide Independent Living Council;
- 1 representative of the Massachusetts Association of Councils on Aging; and
- 1 representative from the Mass Senior Action Association.

The main features of the proposed pilot state property tax deferral program would include:

- Identifying an area (towns or cities) with a total of 10,000 eligible households;
- Permitting people ages 65 or older with a primary residence to defer payment of their property taxes until deferrals, accumulated interest, and any outstanding mortgage reach 60% of the assessed value of their property;
- Offering enrollment to homeowners level who are up to date on all prior year's property taxes regardless of income;
- Administering enrollment by incorporation a 'check off' option to defer their local property tax in the local property tax bills;
- Arranging for cities and towns to forward the tax bills of those who opt to participate in the program for the Mass DOR, the state shall send to the city or town an amount equal to the deferred taxes;
- Setting an interest rate each year for deferred taxes based upon the state's borrowing cost plus a small fee to cover administrative costs and potential defaults;
- The homeowner's interest rate on each year's deferral would remain constant over time;

- The state would retain a lien on the residential property for unpaid property taxes and would be repaid the principal interest within 1 year of when the homeowner dies or sells the home and in the case of a property owned jointly the state would be repaid when the surviving owner dies or sells;
- The state's lien would have the same priority as the municipal liens for unpaid taxes and the state would have the right to foreclose if the outstanding deferred tax amounts remain unpaid for a specified period after payment is due; and
- The deferral amount could be repaid earlier at the homeowner's discretion.

The proposed commission would be tasked with reviewing and evaluating the three year pilot as well as the experiences and policy efforts of other states. Topics of discussion for the commission would include, but not be limited to:

- The effects that changes to tax laws would have upon the economic security of eligible taxpayers at all income levels;
- The number of individuals residing in MA that would benefit from potential changes to property tax laws;
- Any expenses for the administration of a program;
- Consideration of eligibility requirements relating to residency; and
- Consideration of the use of a formula to determine the maximum amount an eligible taxpayer may receive in property tax deferrals.

The commission would be required to meet within six months after this legislation was enacted into law. It would then be required to submit recommendations along with any drafts of legislation to the clerks of the House and the Senate, the chairs of the Joint Committee on Revenue, the chairs of the Joint Committee on Rules, and the Chairs of the Joint Committee on Elder affairs not later than Dec. 31, 2024.