

By Mr. Walsh and Mr. Businger of Brookline, a joint petition (accompanied by bill, Senate, No. 1192) of the Massachusetts Teachers Association, by William H. Hebert, executive secretary-treasurer, John M. Sullivan, associate executive secretary, John A. Businger, Gregory W. Sullivan, Joseph B. Walsh and Richard P. Roche for legislation to allow credits on the state income tax for senior citizens and persons of low and moderate income to the extent their property tax exceeds certain percentages of their income. Taxation.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-eight.

AN ACT TO ALLOW CREDITS ON THE STATE INCOME TAX FOR SENIOR CITIZENS AND PERSONS OF LOW AND MODERATE INCOME TO THE EXTENT THEIR PROPERTY TAX EXCEEDS CERTAIN PERCENTAGES OF THEIR INCOME.

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

1 Section 6 of chapter 62 of the General Laws, as most re-
2 cently amended by section 4 of chapter 774 of the Acts of
3 1975, is hereby further amended by adding at the end of the
4 following subsection:—

5 (d) A credit shall be allowed against taxes imposed by this
6 chapter, in accordance with the definitions and subject to the
7 restrictions and limitations set out in this subsection, for the
8 real estate tax paid by a resident of the commonwealth on the
9 personal residence of said resident.

10 (1) For the purposes of this subsection the following words
11 shall have the following meanings:—

12 (i) "Household", an individual taxpayer and his or her
13 spouse;

14 (ii) "Household income", the total income received by a
15 household from all sources, except accident or life insurance
16 payments, including any income received by an occupant of
17 the residence who is over eighteen years of age, after deducting
18 \$3000 for the first dependent and \$2000 for each additional
19 dependent as the term is defined in section one hundred fifty-

20 one (e) of the Code;

21 (iii) "Income", the sum of federal adjusted gross income, as
22 defined in the Code, plus all income specifically excluded or
23 exempt from the computations of the federal adjusted gross
24 income, not including surplus foods, relief in kind supplied by
25 a government agency, payments or credits under this section,
26 or any government grant which has to be used by the taxpayer
27 for rehabilitation of the residence;

28 (iv) "Residence", a dwelling or unit in a multiple unit dwell-
29 ing which is subject to taxes on real estate levied pursuant to
30 chapter fifty-nine, owned and occupied as the primary dwelling
31 of the owner thereof or occupied as the dwelling of the renter
32 and so much of the land upon which the dwelling is built as is
33 reasonably necessary for the use of the building as a dwelling.
34 If a residence is an integral part of a larger area, including but
35 not limited to a farm, or a multi-purpose or multi-unit building
36 the amount of tax paid shall be calculated as the same propor-
37 tion of the real estate tax paid on the whole area or building
38 as the value of the residence is of the value of the larger area
39 or building. A mobile home or trailer in a trailer coach park
40 is a residence and the site rent for space is deemed rental of a
41 residence;

42 (v) "Real estate tax" taxes due and payable for periods af-
43 ter December 31, 1977 levied pursuant to chapter fifty-nine on
44 a residence within the commonwealth, not including special as-
45 sessments, penalties or interest. In the case of rented resi-
46 dential premises, the amount of tax paid shall be calculated as
47 twenty per cent of the gross rent contracted to be paid by the
48 renter for occupancy of the premises during the calendar year,
49 or that portion of the calendar year during which the renter
50 occupied the premises, and the full amount of any additional
51 payments specifically designated as, or accruing on account of,
52 increased real estate tax payments and actually paid by the oc-
53 cupant during the calendar year;

54 (vi) "Senior citizen", an individual, or either one of two
55 individuals filing a joint tax return under this chapter, who is
56 sixty-five years of age or older at the close of the tax year, or
57 the unremarried surviving spouse of a person who previously
58 qualified for a credit as a senior citizen under this subsection.

59 (2) A senior citizen shall be entitled to a credit against the
60 state income tax liability for the amount by which the real
61 estate taxes on the residence for the taxable year exceeds the
62 percentage of the taxpayers household income for that taxable
63 year as follows: —

64	Household Income	Percentage
65	Not over \$3000	4.0%
66	Over \$3000, not over \$5000	4.5%
67	Over \$5000, not over \$6000	5.0%
68	Over \$6000, not over \$10,000	5.5%
69	Over \$10,000, not over \$15,000	6.0%

70 (3) A taxpayer other than a senior citizen shall be entitled
71 to a credit against the state income tax liability for the amount
72 by which the real estate taxes on the residence for the taxable
73 year exceeds the percentage of the taxpayer's household in-
74 come for the taxable year as follows: —

75	Household Income	Percentage
76	Not over \$4000	5.5%
77	Over \$4000, not over \$7000	6.0%
78	Over \$7000, not over \$15,000	6.5%

79 (4) No credit allowed pursuant to this subsection shall ex-
80 ceed \$500 per year.

81 (5) Only the renter shall claim a credit on property which
82 is rented as a residence.

83 (6) No credit shall be claimed for taxes levied on more than
84 one residence, except that taxes paid, directly or through rent,
85 for more than one residence actually occupied during different
86 portions of the taxable year may be added together so long as
87 the tax paid on no more than one residence at the same time
88 shall be allowed.

89 (7) No owner of rented residential property may increase
90 rents in order to recover directly or indirectly, any credit or
91 refund claimed or received by a tenant, lessee or occupant to

92 this subsection, and no tenant, lessee or occupant shall be
93 legally obligated to pay any such increase or penalized in any
94 way for failure to do so.

95 (8) Only one taxpayer per household for a tax year shall
96 be entitled to a credit pursuant to this subsection.

97 (9) Any individual entitled to claim any credit pursuant to
98 this subsection and not otherwise required to file a return un-
99 der this Chapter may obtain a refund in the amount of such
100 credit for filing a return and claiming a refund.

101 Any refund to which an individual is entitled under the
102 provisions of this subsection shall be made in the manner as
103 other refunds under this chapter.

104 No refund or credit shall be allowed pursuant to this sub-
105 section unless such credit or refund is claimed on a return filed
106 on or before the fifteenth day of the fourth month following
107 the close of the taxable year, or within any extension of time
108 granted for filing such return.

109 The Commissioner may adopt such regulation, prescribe
110 such forms, and require such information, including reason-
111 able proof of rent paid, as he finds necessary to implement the
112 provision of this subsection.