Bulletin

2006-15B

LOCAL TAX EXEMPTIONS FOR VETERANS
(Supersedes Bulletin 2006-14B)

TO: Assessors, Collectors, Treasurers, Mayors, Selectmen, City/Town Managers and Finance Directors

FROM: Gerard D. Perry, Deputy Commissioner, Division of Local Services

DATE: October 2006

SUBJECT: Amendments to Local Tax Exemptions for Veterans

This *Bulletin* explains outside sections of a recent state supplemental budget that amend provisions of the Edward G. Connolly Massachusetts Military Enhanced Relief Individual Tax (MERIT) Plan, which generally expanded property tax and motor vehicle excise exemptions available to veterans with service-connected disabilities. St. 2006, c. 260, as amended by St. 2006, c. 310, §§8, 33 and 34. **It supersedes *Bulletin* 2006-14B, which explained the MERIT Plan.**

The supplemental budget:

- Makes the increased and expanded property tax exemptions effective beginning in fiscal year 2007 and appropriates the additional funds needed to reimburse communities for the increased exemptions this year. Section 33, Item 1233-2000.
- Makes the expanded motor vehicle excise exemption effective beginning in calendar year 2007 and appropriates monies to reimburse communities for any expanded exemptions granted during fiscal year 2007. Section 34, Item 1233-2006.
- Amends the expanded Clause 22D exemption for surviving spouses of soldiers, sailors or guardsmen who died in combat, or were presumed dead as a result of combat, so that all surviving spouses will receive a full exemption for the first five fiscal years they apply and qualify. Section 8.

We are reissuing the information and chart included in *Bulletin* 2006-14B to reflect these amendments. Any changes in or additions to the previously issued material are underscored. We have also added a chart summarizing the motor vehicle excise changes.

If you have questions, please contact the Bureau of Municipal Finance Law at 617-626-2400.

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LOCAL TAX EXEMPTIONS FOR VETERANS
Chapter 260 of the Acts of 2006
as amended by Chapter 310, §§8, 33 and 34 of the Acts of 2006

(Supersedes Bulletin 2006-14B)

Property Tax Exemption Eligibility

Property tax exemptions for disabled veterans are found in G.L. c. 59, §5, Clauses 22, 22A, 22B, 22C, 22D and 22E. The act expands eligibility for two of those exemptions.

First, the act makes a technical correction that allows the Clause 22E exemption for a veteran who has a 100% service-connected disability rating and is unable to work to be granted to the spouse if title to the veteran's domicile is held in the spouse's name. Previously, the spouse would have only qualified for a lesser exemption benefit under Clause 22(d) as the spouse of a veteran with a minimum 10% disability rating. The change makes eligible applicants for the Clause 22E exemption consistent with those eligible under Clauses 22A, 22B and 22C.

It also expands the eligible recipients of the Clause 22D exemption to include surviving spouses of soldiers, sailors and members of the National Guard whose death was a direct result of injury or disease as a result of being in a combat zone, or who have been classified as missing in action and presumed dead as a result of combat. The surviving spouse must be domiciled in Massachusetts for five consecutive years before applying for the exemption, or the servicemember had to have been domiciled in Massachusetts for at least six months before entering the service. The surviving spouse will receive a full exemption for <u>the first five years the spouse qualifies</u> and a full exemption but no more than $2,500 in years thereafter. The exemption terminates upon the spouse's death or remarriage. Cities and towns will be fully reimbursed for the exemptions granted. Previously, the exemption under Clause 22D was $250 and was limited to the surviving spouses of soldiers or sailors who lost their lives in combat at the islands of Quemoy and Matsu.

The act expressly makes the Clause 22D exemption retroactive for <u>qualifying</u> surviving spouses of those soldiers, sailors or guardsmen who died in combat, or were presumed dead as a result of combat, on or after September 11, 2001. Depending on the date of death or presumed death, the <u>surviving spouse may be eligible for retroactive exemptions beginning as early as fiscal year 2003</u>. For example, a qualifying surviving spouse of a servicemember who died in combat between <u>September 11, 2001 and June 30, 2002 would be eligible for a Clause 22D exemption beginning as of July 1, 2002 for fiscal year 2003. The spouse would receive a full exemption for five fiscal years (2003-2007)</u> and a full exemption but no more than $2,500 beginning in fiscal year 2008. If the servicemember died in combat between July 1, 2002 and June 30, 2003, the surviving spouse would be eligible for a full exemption for five fiscal years beginning as of July 1, 2003 for fiscal year 2004.

The act does not extend the application deadline for those years or otherwise provide a new application deadline for this category of eligible surviving spouses to obtain the retroactive exemption benefits. However, assessors who receive a timely exemption application from an eligible surviving spouse for fiscal year 2007 or any year thereafter should also determine if the surviving spouse qualified in any of the applicable prior years. If so, the retroactive exemptions should be granted at the same time and should be included in the community's request for reimbursement for the current year. Communities will be reimbursed to the extent that the annual appropriation for that purpose is sufficient.

Property Tax Exemption Amounts and Reimbursements

The act increases the amount of the property tax exemptions for Clauses 22, 22A, 22B, 22C and 22E. The amounts the Commonwealth will reimburse communities for the exemptions will increase by the same amounts. The chart below shows the changes:

	Current		New beginning FY07	
Clause	**Exemption**	**State Reimbursement**	**Exemption**	**State Reimbursement**
22(a-f)	$250	$ 75	$400	$225
22A	425	250	750	575
22B	775	600	1,250	1,075
22C	950	775	1,500	1,325
22E	600	425	1,000	825

Motor Vehicle Excise Exemptions

All peacetime and wartime veterans as defined in G.L. c. 4, §7 are now eligible for the motor vehicle excise exemptions provided to veterans with certain service-connected disabilities under G.L. c. 60A, §1. Previously, the exemptions were expressly limited to veterans of World War I, World War II, the Korean War and the Viet Nam War. G.L. c. 60A, §1. The Massachusetts Department of Veterans' Services has prepared a chart showing qualifying peacetime and wartime service eras. The chart is available on its website: http://www.mass.gov/Eveterans/docs/wartime_chart.pdf.

In addition, veterans who have been determined to be permanently disabled by the Medical Advisory Board within the Registry of Motor Vehicles and have been issued disabled veteran license plates will now be eligible for an excise exemption. Previously, only veterans with certain defined service-connected disabilities qualified for excise exemptions (actual loss, or permanent and complete loss of use, of at least one foot or one hand, or permanent impairment of vision meeting certain specifications in at least one eye).

The expanded eligibility standards will apply to excises assessed for calendar years beginning in 2007. The exemption is limited to one motor vehicle owned and registered by the veteran for personal, non-commercial purposes.

Late Property Taxes

The act creates a new local option statute, G.L. c. 59, §5L, that gives Massachusetts National guardsmen and reservists deployed outside the state, or their dependents, up to 180 days after that service to pay their property taxes without interest or penalties. It is patterned after a provision of the federal Servicemembers Civil Relief Act under which active duty personnel (including guardsmen called to Federal service and activated reservists) may pay their federal, state or local income taxes interest and penalty free up to 180 days after termination or release from service. 50 U.S.C. App. §570. There is no comparable federal deferral for payment of real and personal property taxes by active duty personnel, although collection activities are stayed and interest runs at 6% with no other penalties allowed. 50 U.S.C. App. §561. Acceptance would be by majority vote of the municipal legislative body, subject to local charter. G.L. c. 4, §4. Once accepted, it would apply to any outstanding property taxes of qualifying guardsmen and reservists and their dependents, regardless of when they fell due. Interest would be charged at the regular delinquency rate from the end of the 180 day period, unless the returning guardsman or reservist is still on active duty status and qualifies for the lower 6% rate under the Servicemembers Civil Relief Act.

VETERAN PROPERTY TAX EXEMPTIONS
Applicants and Amounts
Effective beginning in FY07
(Changes in Bold)

		AMOUNTS		ELIGIBLE APPLICANTS			
CLAUSE	TYPE	EXEMPTION	REIMBURSEMENT	VETERAN	SPOUSE	SURVIVING SPOUSE	SURVIVING PARENT
22(a)	Veterans with minimum 10% service connected disability	**$400**	**$225**	X			
22(b)	Veterans of certain pre-World War I conflicts	**$400**	**$225**	X			
22(c)	Veterans awarded purple hearts	**$400**	**$225**	X			
22(d)	Spouses and surviving spouses of Clause 22(a) – (c) veterans	**$400**	**$225**		X	Until remarriage	
22(e)	Gold star parents	**$400**	**$225**				X
22(f)	Surviving spouses of World War I service members	**$400**	**$225**			Until remarriage	
22A	Veterans who lost one hand, foot or eye or awarded certain service medals	**$750**	**$575**	X	X	X	
22B	Veterans who lost two hands, feet or eyes	**$1250**	**$1075**	X	X	X	
22C	Veterans with 100% disability and specially adapted housing	**$1500**	**$1325**	X	X	X	
22D	Surviving spouses of **service members or guardsmen who died from injury or disease due to being in combat zone, or who are missing in action and presumed dead due to combat**	**Full – 1st five years of exemption*** **Full up to $2500 after**	**Exemption granted**			Until remarriage	
22E	Veterans with 100% disability and who are unable to work	**$1000**	**$825**	X	**X**	X	
	Paraplegic veterans	Full	All but $175 of exemption granted	X		X	

* Exemption retroactive for surviving spouses of service members or guardsmen who died in combat, or were presumed dead as a result of combat, on or after 9/11/2001

VETERAN MOTOR VEHICLE EXCISE EXEMPTIONS

Effective beginning in Calendar Year 2007

(Changes in Bold)

ERA	DISABILITY	EXEMPTION	REIMBURSEMENT
World War I, World War II, Korean War and Viet Nam War Veterans	• Actual loss of at least one foot or hand, • Permanent and complete loss of use of at least one foot or hand, or • Permanent impairment of vision meeting certain specifications in at least one eye.	Full	None
World War I, World War II, Korean War and Viet Nam War Veterans	**Disabled veteran plate issued by RMV due to permanent disability <u>other than</u>:** • **Actual loss of at least one foot or hand,** • **Permanent and complete loss of use of at least one foot or hand, or** • **Permanent impairment of vision meeting certain specifications in at least one eye.**	**Full**	**Exemption granted**
Peacetime and all other wartime veterans	• **Actual loss of at least one foot or hand,** • **Permanent and complete loss of use of at least one foot or hand,** • **Permanent impairment of vision meeting certain specifications in at least one eye, or** • **Disabled veteran plate issued by RMV due to permanent disability for other reasons**	**Full**	**Exemption granted**