

Summary

The Hero Act was enacted by the Massachusetts legislature during the winter 2024-2025. The intent was to provide local tax relief to qualified disabled veterans from both excise and real estate taxes. The additional excise taxes abated will have a minimal impact as these are reimbursed to the community via local aid the following fiscal year. The two separate local options that impact the various disabled veteran real estate tax exemptions are Clause 22I and 22J.

Clause 22J allows a community to increase the statutory exemption amount by a percentage up to 100%. Carlisle has already adopted Clause 5C ½ which increases most exemptions by 100% and does include all statutory veteran exemptions. Unlike Cl. 5C 1/2, Cl. 22J would permit the amount paid in real estate taxes to decrease from 1 fiscal year to the next.

Clause 22I allows for an annual cost-of-living adjustment to the statutory exemption amount for all veteran exemptions. The adjustment is based on the Social Security consumer price index published yearly by the Department of Revenue. The table found on page 2 details a five-year projection of the financial implications of adopting Cl.22I. Assuming the total number of veteran exemptions granted remains fixed at number granted in Fiscal Year 2025, the total increase in real estate taxes exempted are estimated at \$15,672.

In conclusion, the adoption of the two additional veteran exemption options within the Hero Act are projected to have a minimal financial impact on the town of Carlisle. The adoption of Clause 5C ½, already approved by Town Meeting in years past, currently increases all statutory exemptions by 100% (excluding the Cl. 41 Senior Exemption) and would supersede Clause 22J (if adopted). However, if Cl 5C ½ was rescinded at by at a future Town Meeting, the adoption of Clause 22J now would ensure the increase of just veteran exemptions at the percentage increase approved at Town Meeting this year. Clause 22J also provides the community with the flexibility to modify the 100% increase to the veteran statutory exemption amounts if necessary. The adoption of Clause 22I would ensure annual cost-of-living increases to the real estate taxes exempted by either Clause 5C ½ or Clause 22J. Additionally, it would mitigate the impacts of inflation on all statutory veteran exemptions.

Hero Act Clause I 5 Year Financial Analysis

Local Option Clause 22I 5-Year Forecast

| | FY25 | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Clause 22 (10-99% Disability) | - | | | | | |
| Statutory Exemption Amount | \$ 400.00 | \$ 416.48 | \$ 433.64 | \$ 451.50 | \$ 470.11 | \$ 489.48 |
| 5C 1/2 Maximum Exemption | \$ 800.00 | \$ 832.96 | \$ 867.28 | \$ 903.01 | \$ 940.21 | \$ 978.95 |
| R.E. Taxes Abated | <u>\$ 13,600.00</u> | <u>\$ 14,160.32</u> | <u>\$ 14,743.73</u> | <u>\$ 15,351.17</u> | <u>\$ 15,983.63</u> | <u>\$ 16,642.16</u> |
| Clause 22E (100% Disability) | - | | | | | |
| Statutory Exemption Amount | \$ 1,000.00 | \$ 1,041.20 | \$ 1,084.10 | \$ 1,128.76 | \$ 1,175.27 | \$ 1,223.69 |
| 5C 1/2 Maximum Exemption | \$ 2,000.00 | \$ 2,082.40 | \$ 2,168.19 | \$ 2,257.52 | \$ 2,350.53 | \$ 2,447.38 |
| R.E. Taxes Abated (Total) | <u>\$ 12,000.00</u> | <u>\$ 12,494.40</u> | <u>\$ 13,009.17</u> | <u>\$ 13,545.15</u> | <u>\$ 14,103.21</u> | <u>\$ 14,684.26</u> |
| Total R.E. Tax Exempted* | <u>\$ 24,000.00</u> | <u>\$ 24,988.80</u> | <u>\$ 26,018.34</u> | <u>\$ 27,090.29</u> | <u>\$ 28,206.41</u> | <u>\$ 29,368.52</u> |
| Change R.E. Tax Exempted (Y.O.Y) | | <u>\$ 988.80</u> | <u>\$ 1,029.54</u> | <u>\$ 1,071.96</u> | <u>\$ 1,116.12</u> | <u>\$ 1,162.10</u> |

**Projection assumes a stabilized veteran abatement volume from FY25*

***5-YR Avg COLA increase = 4.12%*