

TOWN OF SOUTHLINGTON
SENIOR PROPERTY TAX RELIEF COMMITTEE
APRIL 27, 2006
7:00 - Town Hall Council Chambers
75 Main Street
Southington, CT

Chairman DAVID ZONI, called the meeting to order at 7:08 o'clock, p.m., with the following in attendance:

Christopher Palmieri, Dolores Longo, Mary Ellen D'Angelo, Josephine Therriault and Peg Rancourt

Also present: Mark Sciota, Town Attorney
Herb Braasch, Assessor

Absent: Leonard Marcheselle
Robert Verderame

A quorum was determined.

DAVID ZONI, Chairman presiding:

II. Discussion of Committee's Purpose and Goals

The Chair advised that property tax is a big concern for everybody, especially the elderly and people on fixed incomes as well as people of limited means. You see what's happening with assessment and the reval issue and our general mill rate rise on a yearly basis.

We thought we'd try to investigate any of the Statutes concerning property tax relief that current exist for us to take advantage of and implement the ones we are not taking advantage of and examine the ones that we are taking advantage of in an attempt to make sure we are taking advantage to the fullest extent that we're allowed to.

I don't know how creative we're going to be able to get as far as property tax reform or property tax relief at the local level because we are governed by State Statute. But one of the Statutes we are going to be talking about, 12-129n, Section B, specifically talks about the formation of a committee before this Statute is implemented. So, we couldn't at the Council level just say we want the people of Southington to be able to take advantage of this Statute. It requires that we have this committee.

In general, we do have to agree on this provision as a group and we have to formulate as our goal a report that will go to the Board of

Finance for their approval and then ultimately the Council will decide whether we're going to take advantage of this particular Statute.

That's one goal. The other goal is to look at the things we are taking advantage of, get some input from the public, look at what other communities have done for their seniors and less fortunate members of the community that may have trouble paying their property taxes for whatever reason. Whatever Statutes are available, we want to take advantage of.

III. Review and Discuss concepts of currently non-implemented State Statutes 12-129n and 12-124a (reference enclosure).

The Chair commented this Statute concerns the abating of your property taxes into the future. This is not really a situation where you are going to be forgiven for the taxes. The taxes will be abated and your property will have a lien put on it. If the property changes hands, well then the Town, at that point, gets paid for the taxes that are owed. But on a year-to-year basis, you wouldn't have to pay the property taxes.

I don't know how many people will take advantage of this. Other Towns in Connecticut have gone through this procedure and have implemented this Statute. I don't know what their results are. I would suspect it would be a small number, but as property taxes rise, and as the value of people's homes rise, it allows them more opportunity to abate even more money.

If you get a reval every five years and the price goes up, well that is more money that you could abate. Obviously, eventually, those property taxes will have to be paid, but you will have had the opportunity to use that money that you would have put toward property taxes for whatever you wanted to use it for. That's Statute 12-129n.

The other one that we're not taking advantage of is basically the same concept. We don't need to make a report to the Board of Finance on this particular Statute. That's 12-124a. That has to do when your property taxes exceed eight percent of the occupant's income. Say you had a good job and your business laid you off, downsized, outsourced, whatever and you found yourself without a job but you still had a family and you still needed to live in the house but the property taxes were a real burden. Eventually, you'd get back on your feet but you want to take advantage of this program because at that point the taxes may exceed eight percent of your income. So you would be able to abate the taxes in the same fashion that over 65 homeowners would be able to in Section 129n. It's kind of the same thing.

Those are the two things that precipitated the forming of this committee. And, we've talked about those a little bit.

IV. Assessor's overview of currently implemented tax relief programs

And

V. Town Attorney's review of committee action as required in Statute 12-129n.

Now I'd like Herb to speak to what we are doing at this point in time as tax relief for seniors and disabled folks and could we enhance them in some ways.

Mr. Braasch explained at the current time we are applying the Statutes as pertains to the elderly, 12-170 and so on. That requires that an elderly person have lived at their property for at least a year. One member of the household, either spouse, be age 65 on or before December 31st of the year and their income cannot exceed \$33,900. Married or single.

That allows a tax credit, as a married couple, to a maximum of \$1,250. That's reducing the taxes. And, it can go down to a minimum of \$150.

We apply that to all and we currently have 627 participants in this program, if I'm not mistaken.

That Statute is specifically geared to the elderly. You know the Council put the veterans through with the additional \$10,000. Most of the elderly that are veterans qualify for that. There are a number of them, probably 130 over that or somewhere 750 total that qualify for the additional veteran's exemption.

That's the extent of what we're doing. Of course, any disabled person falls under this same program as long as they are disabled and have the proper documentation to indicate they're personally disabled, then they call under the income without consideration of their age.

The Chair asked Mr. Braasch to comment on the two Statutes, which were outlined previously.

Mr. Braasch responded that 12-129n is probably where most of the other Towns are doing their freeze programs and so on. Thank you for your information here.

The Chair noted in the packet are printouts from web pages people have been sending to him. Clippings from newspaper and e-mails he has

been getting ever since this committee announced we were going to form and the subject.

Mr. Braasch commented on the Town of Fairfield. They have a credit program with a maximum income of \$53,200. That goes back to our 12-170 where the State allowed the use of the higher income on the exemptions, which is what was done by Council on the veterans. The Council would have the ability to raise our maximums as well.

The program calls for a \$33,900 maximum income. But there is an enabling act that allows the Town to add \$20,000 to that. So the maximum would be \$53,900. They're in Fairfield, at 53,200.

The Chair asked about Wilton, Connecticut and their program. Mr. Braasch replied it also applies to the 12-129 because they're doubling credits where we would have \$1,250 in credits maximum and they're showing a \$3,000 maximum credit. This is for an income up to \$13,800 and their income is \$21,800. So most of that would appear to be the same program just different numbers. From 13,800 to 18,600, the Wilton program uses 21,800 to 32,800 and again, we would give them \$1,000 maximum and they're showing \$2,250.

The Chair commented the enabling act must allow the municipality to adjust the maximum credit as well as the income specifications/qualifications. Mr. Braasch agreed. The State program requirements are right below that which is just what I'm telling you here on our's. But this program in Wilton is of the other Statute. It's only an enabling act. Now 129 is an enabling act and not ever Town has it, but the State Statute allows a Town to implement it, added Mr. Braasch.

So, the Towns like Cheshire, basically what they're doing is adjusting these numbers to make it more favorable for seniors, observed The Chair. Mr. Braasch agreed.

Mr. Braasch said he spoke to the Assessor in Cheshire and they have a 129 program, which creates a lien against the property, and it has been in effect for eight years. They have no participants.

Ms. D'Angelo observed that in looking at Wilton and Fairfield, in Fairfield, it says; no lien or payback is required. Mr. Braasch said that is a different Statute.

The Chair noted we are really talking about two programs. The one that has the lien are things that we currently don't take advantage of. We don't offer them to our residents. Should we offer them to our residents? Should we advise the Finance Board and the Council to go ahead and offer these to our residents? Whether anybody takes advantage of them or not is another issue.

Mr. Braasch asked: What are you willing to subsidize? Somebody's going to make up the difference.

The Chair noted that on the abatement issue, where the lien is on the house, that situation is taken care of. Statutes 129n and 124a are basically the same program, only one is for over 65 and one is when it exceeds eight percent of your income. They both generate a lien. The Chair noted the Town would have to borrow money to make up for that in the current year for their expenses because they wouldn't be taking in that revenue, but eventually it would all come around as the properties are sold. It would be like a floating fund that would take care of that.

Mr. Braasch compared it to economic development where a new business coming in has abatement for a period of time. That gradually becomes a full paying citizen.
Discussion.

(Attorney Sciota entered the meeting)

Mr. Palmieri noted these two programs have liens on the property. Are there programs available that we're not taking advantage of that do not provide some sort of lien on property for seniors? Mr. Braasch responded: No.

How Wilton is doing it, double the money and double the credits, Mr. Braasch said he didn't know under what Statute this is pertinent to. Or whether it is strictly a local ordinance.

Attorney Sciota offered they can only act under enabling acts from the State of Connecticut. They could not act under taxation without an enabling act to let them do it. Not to say they didn't do it. But they'd have to act under an enabling act or it's not legal. I'd have to check who put it in place and under what authority.

Mr. Palmieri discussed Cheshire: Tax Relief Credits, is this program in Cheshire, they voted to increase by 900 for the lowest income bracket, 800 for the next lowest, 700 for the third lowest and so on. Is this also an example of putting a lien on their property? What does it mean by a credit?

Mr. Braasch said they are talking about an abatement. Our program would end at \$150 for the minimum and they're saying a minimum of \$900. That's my understanding.

Mr. Palmieri pointed out it is saying "by an additional 900 for the lowest income bracket". Mr. Braasch said they are giving a \$900 additional credit over and above what we would normally do under the program. It is a credit. It comes out of the Town's funds. Mr. Palmieri observed we are able to do stuff for seniors, but it would

have to come out of the Town's funds, if we were to do that.

Attorney Sciota asked: Where is it in the Statute? We have the income guidelines from the State. You can do anything you want as long as the Statute allows you to do it and the taxpayers don't go crazy. Those are the two ramifications you have to live by.

Mr. Palmieri noted also in Cheshire that the Town Ordinance gives property tax relief to some residents based on their age and income. And, then they were looking into actually changing it to base it also upon the number of years you've lived in the Town, also. Again, I'm wondering if this is money that can directly benefit seniors and it's not putting a lien on their property, then maybe we should go more towards that route rather than putting a lien on their property.

The Chair advised his goal was to go both routes. To be able to offer true tax relief by perhaps adjusting some of these parameters allowable by Statute and in addition, offer the programs, although it's really not true tax relief, it is an option they could exercise. Any tax relief, no matter what, is going to be fine-eyed number. In these programs you can defer the entire tax burden and not just part of it.

Attorney Sciota brought up the fact you lose your number one priority. All real estate taxes in the State of Connecticut have a number one priority. If you choose Section 12-124a, you are losing your priority. You sign a separate agreement with the taxpayer they pay it some time in the future. The Statute says; No lien recorded under this provision of the subsection will take precedent over any mortgage recorded on the land records prior to the agreement. There is a downside to some of these programs.
Discussion.

Attorney Sciota said if you read the other one, it talks about for their estate. It does not say that it keeps its priority. That's another thing I'd like to check on.
Discussion.

Ms. Therriault reported through her experience when you start talking to the elderly about liens on their property, they'll avoid everything.
Discussion.

A reverse mortgage concept was discussed as being exactly the same concept by Attorney Sciota.

Mr. Palmieri suggested contacting Cheshire and get more details on their program. Mr. Braasch said he would do that and report at the next meeting.

Attorney Sciota asked: If you give the abatement, whatever you want, and there's no lien on the real estate, where is the triggering mechanism for the Town to get their money back? The way you read it from Cheshire, it sounds to me like they're giving a true abatement and if they don't put a lien on the property, there's nothing to stop them from selling and not pay the taxes due.

I don't think there is one. I think they're saying, if you meet the criteria and your' 65-years old, you don't have to pay. Other than that, I don't see where their triggering mechanism is.
Discussion.

Mr. Braasch said Fairfield has a credit program with a maximum income of \$53,200. It's local. It says there is no lien or payback required so it must be a credit program funded by the Town of and by itself.
Discussion.

Attorney Sciota said that the only tax statute that gives any kind of leeway where you can construe it that the Town has the authority is 129n. If you read that it's not as strict as the veteran's credit, the elderly credit or the 124a. So, it seems whoever was sitting at the time in these particular Towns, used 129n. It is very vague. It talks about this group recommending to the Board of Finance and the Finance Board recommending to the Town a tax program. It says the Town Council sets the guidelines for minimum income. This is where that's coming from.

It says also when it talks about the lien, the Town **may** -- 129n, section (f) towards the bottom. It says the Town **may** establish a lien on such property in the amount of the relief granted, which is whatever your program is and you can use the other two programs currently in effect, provided the total amount of such relief when combined with the other relief, which is the veteran and the elderly, exceeds an aggregate 75 percent of the property tax for which the taxpayer will be liable without the benefit. So you have to put them into a formula. If they exceed that, then we can lien it. If they don't, I am not sure where our authority is to lien the property other than a straightforward tax lien.
Explanation.

I think the Towns are using the Statute, as it is rather vague, to sneak in there what they want to do. Who in the Town is going to object to it if you're in that 65 category? All of the other Statutes and very specific and this one is very vague which means it may give us the right with recommendation from the Board to the BOF to the Town Council. The other ones are very specific as to guidelines, et cetera, and this one doesn't say that. I think all these Towns are fitting into 129n.
Discussion.

Mr. Palmieri responded we need to have some sort of balance. If the Town is footing the bill to make up for the seniors, is there a possibility the Town, in the same way the Town can set the monetary limits, maybe we say instead of 65, we say 70.

Attorney Sciota reminded the Statute does say who fits the criteria. In sections one and two, if they fit that criteria, then you have to put them into a program, but you get to establish what the program is.

Discussion.

The limit is it can't be more than ten percent of the total grand list taxes. You can't open up the program under the Statute that it's more than ten percent of the total grand list taxes.

Discussion.

Attorney Sciota said from a legal standpoint he has no problem with abating taxes, even if you want to abate them with a reduced interest rate, which you can do under this program. Eighteen percent is stiff and that is so high to make people pay their taxes.

Discussion.

From a legal standpoint, Attorney Sciota commented, he does have a problem with abating forever. If they own the real estate and they don't have to worry about it now but at some time in the future, that's fine. If they sell, they die or no longer inhabit the house during a convalescent home stay or whatever the case may be for a period of a year, I have no problem. We're helping them during that period of time, but we're not making a negative effect on the other taxpayers in the Town.

I have a problem, from a legal standpoint and a fairness standpoint just saying, okay, we're not going to have you pay taxes at all. But that is not my decision.

The Chair advised that perhaps the Town Attorney and the Town Assessor could work together on this and figure out what they're doing, what sections of the code they're using, how they came up with these values. Maybe do a little work for us and at our next meeting you can present that.

Attorney Sciota said before doing that, he'd like to have an idea of what you are thinking, where are you headed? Are you talking about a straight forgiveness if you meet certain criteria.

Forgiveness is the greatest property tax relief. It means if you are a certain age and you earn a certain amount or less, the Town of Southington will not issue you a real estate tax bill. Nor, will you

be liened on.

Abatement is that we put it off to some other time certain when you either sell the house, die, or you no longer inhabit the house for a period of time up to a year.

Discussion.

Mr. Palmieri wondered if there was a way for seniors on a fixed income, have a certain tax amount they have to pay, but then they get, similar to the veteran's program, where they get basically a credit of a certain dollar amount to be deducted from the taxes they owe. So, you are still collecting taxes from them, but maybe at a lesser extent than to some of the other taxpayers that can afford it a little bit more that are not on a fixed income.

Discussion.

Attorney Sciota asked about the part not collected. Is that a credit or a deferral?

Explained.

Mr. Braasch said 12-170 is the current Statute that outlines the income limits and the age and so on, also gives you an opportunity to increase your income levels by \$20,000. If the elderly that falls into the category that is a veteran, he can make up to \$45,200 as combined income, and still get all of the benefits of this program and the veteran's program or the additional \$20,000. Now, I told you before there were 627 elderly currently enrolled as beneficiaries under this program. When the veteran's income increased, that went up to 750. there is a \$10,000 exemption for veterans. So, Mark is talking about a \$1 million reduction in the grand list, those veterans reduce the grand list by \$7.5 million. Each gets about a reduction of \$210, or \$16,000 in actual dollars.

Discussion.

The Chair noted we are talking about \$7,500,000 off a \$3.8 billion dollars.

Discussion.

Mr. Palmieri wanted to follow that route and do something similar to that so the Town will still have the same tax dollars, but we can help out people in need that can't afford to pay as much taxes. If we raise the income levels, more people can take advantage of the program, which would be a benefit.

Attorney Sciota noted that the Statutes are really minor relief, at best. The veterans and the elderly, current Statutes that we have are minor. You're talking a couple of hundred bucks here and there. If you want real relief, it's going to have to be something we construe out of 129n.

Discussion.

The Chair asked: Do we want to abandon abating taxes into the future? Probably no one will take advantage of it because they fear it. But does that mean we shouldn't have it on the books? If no one takes advantage of it, that's not our fault. At least we can offer it.

Ms. Rancourt said she kind of liked the idea of having a program that doesn't place a greater on other people other than the elderly. I don't know that it's a great thing for us to give so much relief to the elderly in this case that we actually put a greater on the young and the business community and all of the reset of the Town. I think we have to balance what we do.

Attorney Sciota was really intrigued with Newington. It says the benefits received by the taxpayer is reimbursed by the State of Connecticut to the Town. I love that, if that's true.
Discussion.

VI. Public Communication

CARMELIA KIMMELL: 1067 Woodruff Street, Southington. I've lived here for 43 years.

(End of Tape #1, Side A)
(Beginning of Tape #1, Side B)

Discussing how the Town can put their own limits on income. The limits on income were put on in 1987. Almost 20 years. With inflation and the cost of living, what you're giving as tax credits right now, a \$33,000 income, that was in 1987.

Mr. Braasch interrupted indicating that amount is adjusted by the State each year. It is adjusted according to the social security cost of living adjustment.

Discussion of the freeze program by the State which as been appealed.

The replacement program is what we have right now, but it doesn't really meet the income levels that we have seen. Social security is increased at minimal amounts.

The Connecticut's Committee on the Aging, SB 44, File Number 96, would allow Towns to do a tax freeze.
Explained.

Attorney Sciota indicated he wasn't aware of anything like that.

Committee SB 44 File No: 96. It would allow Towns to do a tax freeze

for people age 70 or over with essentially the same income limits that you have now. This is currently pending.

Our representatives said they are going to be raising those minimums, added Ms. Kimmell, so we don't have to live at the poverty level to qualify for a \$250 tax deduction.

She said she was more interested in seeing the taxes frozen at the level that we go on fixed income. We don't want a free ride. We'll pay the amount of taxes until we die.
Discussion.

SANDRA FELD: 821 Glacier Way, Southington. I don't know too much about it and I've been trying to find out, but I know that in Atlanta County, Georgia, they do have a tax freeze for people either 65 or 70 only on the education portion of the taxes.

You keep on paying your education taxes, but they're frozen at the point at which you turn 65 or 70. Education taxes being the largest portion of your tax bill. It's sort of a compromise. It's not all of your taxes that are frozen, but three quarters of them are.
Discussion.

The Chair said that information could be passed on to our State Legislators and they would have to move in that direction so we can enact locally.

Mr. Braasch offered some history on the freeze program and the income that was counted at that time was pension income. Social security was not a part of the income consideration. Annuities, pensions, dividends and interest, that was the income used at that time to qualify you for the freeze program. And, your taxes were frozen at a point. That came into effect in the mid-60's. It was fully funded or reimbursed by the State.

We started doing revaluations. So, in 1961 values when from 25,000 to 40,000. In 1971, they went from 40 to 80. And, in 1981, they went to --- and at that time the State says: Whoa. We have this person that signed up initially and they're paying \$400 a year on a \$5,000 a year tax bill and we're funding it? The program is ended as of 1979.
Discussion.

VII. Action on Statute 12-129n

Mr. Palmieri made a motion to table. Ms. D'Angelo seconded. Motion passed unanimously.

VIII. Open discussion of other possible committee actions or recommendations to Town Council.

The Chair noted everything had been gone over previously in the meeting.

Mr. Braasch suggested that whatever we come up with, I would like to see it not implemented until this next succeeding year. We have the elderly sign up which ends the 15th of May. If a program is implemented, then I would like to be able to handle the elderly at the time, which is February 1st to May 15th. And, make it effective for July of 2007 for the 2006 Grand List.

IX. Adjourn

Next meeting is scheduled for Monday, May 15, 2006 at 7:30 o'clock, p.m.

Mr. Palmieri made a motion to adjourn. Ms. Longo seconded. Motion passed unanimously on a vote.

(Whereupon, the meeting was adjourned at 8:15 o'clock, p.m.)

David Zoni, Chairman
Senior Property Tax Relief Committee