

TOWN OF SOUTHWINGTON
SENIOR PROPERTY TAX RELIEF COMMITTEE
MAY 15, 2006
7:00 - Town Hall Council Chambers
75 Main Street
Southington, CT

Chairman DAVID ZONI, called the meeting to order at 7:32 o'clock, p.m., with the following in attendance:

Christopher Palmieri, Dolores Longo, Leonard Marcheselle, Robert Verderame, Mary Ellen D'Angelo, Josephine Therriault and Peg Rancourt

Also present: Mark Sciota, Town Attorney
John Barry, Town Council Chairman, Ex-Officio

Absent: Herb Braasch, Assessor

A quorum was determined.

DAVID ZONI, Chairman presiding:

II. Approval of Minutes - Meeting of April 27, 2006

Ms. Therriault and Ms. Rancourt advised they have no problem with the content of the Minutes, however, their names are reversed when speaking.

Ms. Longo made a motion for approval with the comments that were just made. Mr. Palmieri seconded. Motion passed on a majority voice vote with Mr. Marcheselle abstaining.

III. Tax Assessors Report - Review of other municipalities programs (administrative)

and

IV. Town Attorney's Report - Review of other municipalities program (legal)

The Chair advised Attorney Sciota will speak in Mr. Braasch's absence.

Attorney Sciota referred to the memo he sent to all members summarizing the two statutes. Herb and I set forth what parameters you can follow. We both felt the "A" statute, we though, you can put it on the books and people can take advantage of it if they so desire, however, we don't think it is going to be as beneficial as

the "N". There is no problem and if you want to use it, you can do that, but it is a very limiting section.

As for "N" we set forth the parameters and it does give you a lot of leeway, specifically, the biggest one of course is setting your own monetary limits. Most of the State Statutes that have tax abatements specifically lock in the State numbers.

You would make your own recommendation on the numbers to the BOF and the BOF would take it all in and then you'd make your recommendation to the Council as to whatever numbers you're looking for.

The "N" section also talks about the ability to actually forgive the taxes. Not lien them and just give them a straight credit. Very few sections of any other Statute will allow you to do that. You want to do something major, this is what you're going to have to work with.

The Chair asked Attorney Sciota to go over some of the Towns that were reviewed that had already taken advantage of some of the Statutes.

Attorney Sciota noted that the best program from a taxpayers' standpoint that several communities have already put into place is a full credit program. Mostly those communities are more in the western part, the more affluent part of the State. The limits that they have are relatively small considering if you live in that part of the State. They give full credits. And, they are taking no liens whatsoever on the property. That is the most generous that I've seen.

Some give a decent amount of credit when it comes to what your income is.

Discussion.

Other Towns specifically give you, as long as you live in that Town one year, and you meet the State criteria, which is the other end of the spectrum.

The other aspect, which I think, is the biggest one, as they do in Cheshire, that's where it's really a postponement of your taxes. They lien it with the 18 percent. That's a little more difficult and I don't think that is something that we're interested in here in Southington. If you want to do that, the program is there for you 8 percent program, the "A" program. I'm not sure this committee would be looking for getting total reimbursement back from the taxpayers. You can use section "A" on that if you wanted to.

Mr. Marcheselle asked if there was a plan that just gave a percentage of the taxes as a credit with no lien. Attorney Sciota said not a percentage of the taxes, but there are programs that simply take off "X" amount of dollars off your taxes. Not your assessment. That's the big thing. Off your taxes itself if you meet a certain criteria.

Discussion of the program in Newington where they take \$500 right off your taxes if you meet a very generous criteria. (\$35,000 for the single and \$45,000 for the married couple.)

Attorney Sciota felt that the committee probably wants to go with the credit. It is going to be a policy question as to what, if any, you want to credit versus abate and make a lien on the property later on.

You can go all the way down and say, let's forget the taxes totally, give the credit out and not get it back. We'll do a hybrid program that has a credit for a dollar amount, half of which is a straight credit and the other half would carry on until they die or sell the property and the Town gets that with some sort of interest rate that you've set up. The State allows 18 percent, but it could be substantially less than that.

Or in another program, they just have the lien and whatever you postpone your taxes for, it works similar to a reverse mortgage as we talked about the last time.

Discussion of the program in Newington. There is no State reimbursement, they actually budget for the amount. They were talking about the elderly program we have in the State which takes the dollar amount off the assessment and that is reimbursed by the State just like our veterans one is.

Newington puts a line item in the budget for a certain amount and then people apply to the program. Assuming so many people are in the program, they divide that amount they put in the budget and that's credits. The Tax Collector does not have to worry about mill rate issues because it's not changing your grand list at all but on your revenue side you have a line item and in essence the Town is paying itself for the credits its giving out. I think that's cumbersome and would think if we chose to do it, we would do it the other way and just simply give the credits and then the credits would be brought in when the Board of Finance sets the mill rate.

Discussion.

Attorney Sciota advised that this committee is supposed to determine what to recommend to the Board of Finance and the Town Council, by Statute. Herb and I are looking for your thoughts as to which way you want to go. In my memo I set forth all the ways you can go. Then we can draw up something for your review and then submit to the Board of Finance.

The first thing we have to talk about is are we talking about a postponement of taxes, a credit of taxes or something in between.

Question number two is what type of income are we talking about to trigger this program. Are we talking about the State income, which is relatively low, or are we talking about a higher number based upon possibly a mean income minus something in the Town of Southington. You need to talk about that tonight.

V. Discussion of HB 5093 - New Tax Relief Legislation

Mr. Palmieri brought up a type of program where taxes would be frozen for people on a fixed income, assuming they don't buy or sell any property and remain in Town. Is that something you've looked into?

Attorney Sciota responded that under "N" technically, you could freeze taxes. But are we talking about a credit after that? You have to talk about how you're going to get your money back, if at all.

The State Statute just passed, it is a tax freeze. It's similar to the tax freeze we had back in the 60's and 70's, but it's got some severe limitations to it. The biggest limitation is it locks in the income requirements to the State's income requirements, which we have for our current circuit breaks. It also bumps up from 65 to 70 years old the criteria to get into the program and the thing that hurts the most is that under the tax freeze program, the State would reimburse the Town that amount and this gives the Town the ability to have a freeze program, but it's up to the Town whether they want to recapture the money in some way or just let it go. There is no reimbursement from the State of Connecticut on this.

Limitations: Income limitations must be the State's number: five years higher in age than the normal program which is 65. Those two things are set in stone.

The Chair commented that the only reimbursement we have available program. The State offers nothing in any way of any reimbursements. So, whether we make a hybrid program or a straight relief program, this will all be a shift in the tax burden essentially.

VI. Discussion of possible recommendation for Town Council/ BOF

Attorney Sciota said the initial question is: do you want a program. And, step two is the income requirements and what kind of relief.

The Chair suggested three programs.

- Legitimate freeze with the new Code, if possible.
- A program that utilizes 12-129-n
- A program that utilizes 12-129-a

Attorney Sciota noted the Council will get a report on how many apply to the programs so you will now that number going into the budget process so you can prepare. Currently, I believe there are about 600,plus, in our elderly circuit breaker program.

If you established an "N" with the State guidelines, it would be that number automatically. If you increase it that number grows.
Discussion.

The question was asked: If we already have a State program that people take advantage of, why are we here tonight. Attorney Sciota responded the State program is really a peanuts program. It's \$500 off an assessment. If you think about that, we're talking about pennies.

This committee was established to give actual, real tax relief.

Everyone agreed some type of tax relief should be given.

Chairman Barry, asked for an explanation about the Fairfield program and what kind of savings their seniors receive, based on the Tax Assessor's comments in the last meeting's Minutes.

Attorney Sciota responded theirs is also a line item like Newington. They put it right into the budget. It's a straight credit off the tax bill and they do not put any lien on the property, nor do they take any money back. It's a straight credit forever, which never has to be repaid.

Chairman Berry indicated he liked a freeze program. It seems like they also have a freeze program in Fairfield, based on this. Has the committee talked about a freeze program as something to pursue. Attorney Sciota said the freeze program is available under "N".

Discussion of differences in the new Bill and 12-129n.

- Under N, the Town has the right to schedule their own program. They can put their own income schedule together. They can talk about how much of a credit, paid back or not. And it also puts the age at 65.
- Under the new Bill, the age talks about 70, and you must obey the current State income guidelines.

Difference between a freeze and a credit was explained.

- A credit is something every year you get off your tax bill. Example given.
- A freeze would be that starting with the grand list of 2006, until the day you die or sell your house, your taxes will never be higher

than on the grand list. It's frozen.

With a credit, for example of \$1,000, if taxes go crazy one year, you still can get hurt. Explained.

If it's frozen, you know what your taxes are going to be until the day you die or sell your house.

Mr. Verderame indicated that people at the Calendar House had talked to him about the program and they're for a freeze, with an age limitation. They want something steady every year they can budget for every year.

Discussion of the different scenarios.

Chairman Barry said he understood the Town would have to run the numbers, but he personally would like a freeze concept based on income levels and age.

Attorney Sciota said the most difficult thing to do is going to be to establish an income guideline. How many people do we want to open it for? The limitation set by law is 10 percent of the grand list. You do want to know in advance. If you have 650 on there now based on the current State guidelines, as a policy would the Board of Finance and the Town Council want to go? Every \$10,000 you add to both the single and the married, that's going to add a number.

Extensive discussion.

Everyone agreed that more information as to how many would be qualified and the second is getting the numbers from Herb as to what kind of budget impact it would be for a freeze on those people.

Extensive discussion.

Chairman Barry said he had no answers as to what program we should endorse. I do believe we have to have a more flexible plan that keeps seniors in their homes as long as possible in this Town. What we're hearing on the Council is that there are seniors concerned about being able to stay in their house and pay their taxes, electricity and I think something should be done. Right now our program is not as good as other Towns in the State.

Discussion.

Wilton's deferral program was discussed. It may not be the best program for the senior, but it is the best for the Town as the tax amount is deferred. This was compared to a reverse mortgage.

Ms. D'Angelo made a suggestion for a plan that would offer a freeze for those in need and then a graduated increase of the sharing of the

burden and not just moving the burden from one group completely to another group. The higher incomes would be part lien and part of credit. That would be a sounder plan for all, a more broad based plan.

The Chair asked if a program could be designed that gives some relief at 65, but the freeze wouldn't kick in until 70?

Discussion.

Mr. Marcheselle made the point that the credit is dollars in the pocket and the freeze is status quo.

Discussion.

Mr. Palmieri noted this is a dramatic change to the way we collect taxes and income for the Town. It worries me a little bit if we start right away at age 65. If we see after a couple of years it is working to the point where we can lower the age down to 65 from 70, then we can offer more assistance at a later time but to jump right into that at this point without any experience of how this will effect the Town and the taxpayers as a whole, I just think 70 might be a good place to start.

Discussion.

Discussion followed about the scenario where one of the homeowners is 70 and the other is 65. Attorney Sciota advised that as long as one of them is 70 years old and even if the 70 year old dies the following year, because the spouse was the spouse when the other was 70 and the spouse is over the age of 62, they get to keep it under State law. I assume we would work it similar to that.

The people who go into this new program, once approved, will still stay in the State program they're now in. They'll get the \$500 off their assessment and a credit or freeze, as the case may be.

Discussion.

Extensive discussion of different scenarios.

Discussion of numbers to use for the program. Currently, we have 27,700 for a single and 33,900 for a married couple, as State guidelines. And, 650 take advantage of this program right now.

Discussion of household income versus married/single for income criteria.

It was decided to run the numbers for a strict freeze program starting at age 70:

Single Married Age Limit

40,000 45,000 70

45,000 50,000 70

Attorney Sciota said he and Herb would figure out

(1) What that might increase the number from 650 to a new number based on 70 and

(2) Take an average and see what it would cost the budget in any particular year.

For ages 65 to 70 it was decided to stick with what is currently offered by the State for those in that age category.

The Chair wanted to bring forward 12-124(a). There may be people, non-seniors, that want to take advantage of it and it should be part of our tax program.

Discussion.

Attorney Sciota said 12-124(a) says we will defer it and get it later on, which is required, but it says in there the lien has no priority. My problem is you're giving me the duty to collect it, but I've lost my priority placement. I've waived my lien rights and that's my problem with it.

After extensive discussion, it was decided not to pursue 12-124(a).

VII. Public Communications

GEORGE ROBARGE: 11 Fox Run. With regards to the tax deferral, we're not a bank, this Town. With the tax deferral, you now become a lender and are in the banking business. The Town has to borrow money to finance this. You're asking the taxpayers now to go out and borrow money to finance this. I don't think the taxpayers are going to be very enthused about this.

You are adding risk, too, so back off of that one.

Discussion.

CARMELIA KIMMELL: 1067 Woodruff Street, Southington. Just a comment. Caldwell Banker has on their website where you can click on and get the age levels for our Town and that might help you with statistics

you're looking for.

If seniors get tax relief, more will be able to stay in their homes also helping you in not increasing the number of students in the classroom. Explained.

Another thing, years ago, the young took care of their seniors in their own homes. They helped with everything. Daily living, finances, medication, expenses and things like that. This is just a freeze in tax for the seniors and giving seniors a tax relief is just a modern way of doing the same thing that busy young people raising their families can do. Explained.

A program like this will increase the mill rate by an eighth of a mill or a quarter of a mill and from what I understand the Towns that are already doing this kind of thing, their increase hasn't been more than a half a mill. So, that's something to think about, too.

I think 70 is a very responsible age to start a senior tax relief program. Explained people are living longer and working longer.

VIII. Action on Statute 12-129n (Tax Abatement/Lien Program)

Mr. Palmieri made a motion to table 12-129n until we get information at our next meeting. Ms. D'Angelo seconded. Motion passed unanimously on a voice vote.

IX. Miscellaneous Discussion/Comments

Mr. Palmieri commented the discussion was excellent tonight. We have made a lot of headway. It's been great. Good meeting. Everyone agreed.

X. Adjournment

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

David Zoni, Chairman
Senior Property Tax Relief Committee

NEXT MEETING: Monday, June 19, 2006
7:00 PM

Town Council Chambers