

## **CREDIT/TAX DEFERRAL HOMEOWNERS FORUM**

*Minutes for Thursday, September 15, 2005 @ 10:30am*

*Location: East Windsor Senior Center, 125 Main Street, Broad Brook, CT*

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**Present Elderly Commission members:** Elizabeth Burns (Municipal Agent), Carol Madore (Tax Assessor), Claire Badstubner (Chairman, Elderly Commission) Catherine Drouin (Vice-Chairman, Elderly Commission)

**Absent Elderly Commission members:** Karen Boutin, Cheryl Littlefield, H. Stuart Woodard

Meeting time: 10:30am-11:30am

### ***INTRODUCTION:***

Credit/Tax Deferral handouts, prepared by Carol Madore, were given to all attendees.

Elizabeth Burns presented how the commission came about this issue and entertaining a tax program for the seniors and disabled in town. She briefly explained that the Board of Selectmen may/may not approve the issue to move forward. It was also explained to the group that an official committee (5 members) will be put in place next week to address this issue and they have a timeline of 60 days.

Carol Madore gave an overview of how comparable towns were chosen. An explanation of tax deferral and property liens were given. Ms. Madore stressed the importance of anyone with questions on reverse mortgages, liens, and personal credit issues to speak to their individual attorney on what is right for their specific situation.

### ***PUBLIC PARTICIPATION:***

#### Connie Clark (94 Windsorville Road)

Commented on popularity and abundance of advertising in regards to reverse mortgages for seniors.

#### Pat Beals (72 Abbe Road)

Commented that reverse mortgages are the worst programs.

Ms. Madore addressed the issue by offering a Webster Bank representative's phone number for anyone who would like specific information. She also, again, stressed the importance of consulting an attorney.

Ms. Burns reminded seniors that if they are considering a reverse mortgage to make sure that the company is licensed by the US Government. She also

mentioned that individuals considering reverse mortgages may want to consider (the age you are at) what may be your life expectancy to help determine if reverse mortgage would be a viable option.

Beverly Percoski (5R Church Street)

Regarding the deferral program – once one is deceased and the taxes from the house are paid, what would happen to the remaining money?

Ms. Burns – the remaining monies would go to the estate (after taxes are paid)

Dorothy Matteson (21 South Main Street)

Questioning interest on the deferral program.

Ms. Burns – this is a tax collection issue, therefore, interest does apply.

Dorothy Matteson (21 South Main Street)

Questioning how can the town “take care of us (seniors)” as she, personally, also participates in the state program.

Ms. Burns explained that the state reimburses the town. Non-senior residents would be affected – paying additional mill rate so that seniors can receive credit.

Dorothy Matteson (21 South Main Street)

Ms. Matteson further stated that perhaps a program like this might not be fair to the younger taxpayers in town if the mill rate ends up increasing to support this program for the seniors.

Beverly Percoski (5R Church Street)

In regards to the above comment, Ms. Percoski reminded the group that everyone’s taxes (including the seniors receiving the benefit) would increase.

Joanne Kubick (internist w/ Human Services Dept.)

In regards to the above comment, Ms. Kubick stated that she personally wouldn’t have a problem with the slight mill rate increase to support the program – doing this now, will help her future tax issues as well.

Beverly Percoski (5R Church Street)

Questioning what the income limits would be.

Ms. Burns and Ms. Madore reviewed current income limits. Ms. Burns reiterated that this forum is a “give & take” and that the committee is looking for input as the committee presents information.

Ms. Madore reviewed the last paragraph of page one of the handout to explain to the group what parameters were used to choose the comparable towns. She explained why Enfield, despite the population difference, is a good match to EW. Ms. Madore further

explained to the group that each town can set up their programs differently in order to meet the wants/needs of the seniors. Colli Martin (52 Spring Street) reminded the group that the income levels could change every year. Ms. Burns informed the group that this year's established income limits are \$27,100.00 single and \$33,000.00 married.

Ms. Madore attached a spreadsheet to the handout illustrating the exemption programs currently administered by the Town of East Windsor's Assessor's office. She briefly reviewed these other programs for the audience. Ms. Madore reiterated that many residents don't realize that they may qualify for such programs and that she makes every effort to reach out to those people to assist them/inform them.

Connie Clark (94 Windsorville Road)

Commented that many women are left to manage the homes once spouses pass and that these women need to learn how to manage the homes (and what is available for assistance) because they are suddenly "taking everything over".

Ms. Burns acknowledged Ms. Clark's concerns and told the group that they "can't be afraid to ask". Also, reiterated that we are looking for feedback on credit vs. deferral program.

Beverly Percoski (5R Church Street)

Commented that the bottom lines appears to be the question of should the town match the state? Also asked if any towns are doing both credit and deferral programs.

Ms. Madore explained that the town of Portland does do both, including a work credit and freeze program. Ms. Madore further explained that other options, such as a work credit program, can be considered, but administration issues would need to be looked at. A work credit program, similar to "volunteering", could also run into workplace union issues. An example of a work credit program was given: Taxes total \$1000.00, the resident pays \$500, the town pays the remaining \$500.00 while the resident "volunteers" work time for the town to cover the tax relief.

Ms. Madore reminded the group that, per the state statute, matches (for every program) cannot total more than 75% of the (resident's) total tax bill. She also offered for anyone who would like to meet with her individually to answer questions one-on-one, she would be happy to do so.

Marie Parker (210 North Road)

Asked for clarification regarding the veteran's program w/ and w/o income limits (from the spreadsheet/handout).

Ms. Madore explained that veterans are able to receive some tax assistance, however, the terms and conditions vary for each program and the state statute has many fine lines. She recommended meeting with her individually to review her personal situation to see what is available.

***CLOSING:***

At the conclusion of the forum, Ms. Burns explained that she would inform the BOS of the results of the forum. Ms. Burns asked the group what they feel would be of interest to them in terms of a tax relief plan – given the information they have just received at the forum. The majority of the group responded that they would like to see a Tax Credit program developed.

Respectfully Submitted,

Christine Pellegrini  
Recording Secretary, Elderly Commission

## **CREDIT/TAX DEFERRAL HOMEOWNERS FORUM**

*Minutes for Thursday, September 15, 2005 @ 6:30pm*

*Location: East Windsor Town Hall Annex  
25 School Street, East Windsor, CT*

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**Present Elderly Commission members:** Elizabeth Burns (Municipal Agent), Carol Madore (Tax Assessor), Claire Badstubner (Chairman, Elderly Commission)

**Absent Elderly Commission members:** Catherine Drouin (Vice-Chairman, Elderly Commission), Karen Boutin, Cheryl Littlefield, H. Stuart Woodard

Meeting time: 6:30pm-7:30pm

### ***INTRODUCTION:***

Ms. Burns began the forum by presenting an overview of how the issue of a potential Tax Relief Program came about. She explained that she has had discussions with the Board of Selectmen to determine steps to take in gathering info and eventually presenting a plan to the BOS. Ms. Burns explained to the group that a committee (5 members) will develop a plan to present to the BOS and that the CT State Statute (included in the handout) allows the committee 60 days to do so. She briefly explained that process once a plan is presented to the BOS – if approved, will go to the Board of Finance and eventually a town vote.

Ms. Madore reviewed how she was able to narrow down her comparable towns to the five she has presented in her report (handout).

Ms. Madore reviewed the town of Enfield's current plan, explaining that this is perhaps the most comparable town in the group, except for the population numbers.

State plan was briefly reviewed – Ms. Madore further explained that any local program developed would come out of the taxpayers' pockets. She also reminded the group that income levels play a role as to who would qualify. The income limits are currently set at \$27,100.00 for a single person and \$33,000.00 for married persons. She also informed the group that only up to 75% of the tax bill (including state & local program) could be covered by a tax relief assistance program(s). Joan Corbin (3 Bayberry Lane) asked for clarification of the income levels. Ms. Burns reviewed the income levels and also noted that the levels could change from year to year (due to Cost of Living Adjustment), as it is determined at the state level. Ms. Madore further added, as a result of Ms. Corbin's question, that the income levels are strictly written from the state and are therefore "written in stone".

Ms. Madore used the following example to illustrate how a tax relief plan could affect a homeowner:

Resident's Total Tax Bill = \$2000.00

75% of tax bill = \$1500.00 (this would be the maximum allowable benefits for this resident's tax bill)

If the *state* program pays resident \$800.00 then the maximum that the *local* program would pay is \$700.00. Therefore the resident is still responsible for the balance of \$500.00

Ms. Madore proceeded to explain to the group what a deferral plan is. A lien is put on the resident's property and the town becomes listed as an additional lien holder on that resident's homeowners insurance. Ms. Madore informed the group that doing a deferral could affect a person's credit.

Ms. Madore and Ms. Burns continued to explain issues relating to a tax credit program and what steps may be involved for a homeowner. They, along with Ms. Badstubner (Chairman), addressed the issue of asset testing, of which the town of Somers does. Ms. Burns explained that asset testing is another option to consider in order to determine qualified candidates for a program. She explained that asset testing does take into account all assets including IRAs, mobile homes, vacation homes, etc. Ken Crouch (68 Stoughton Road) asked if the income was based on tax returns. Ms. Madore answered yes and that social security is added in as well as disability payments (which are non-taxable).

Ms. Madore and Ms. Burns also reminded the group that costs are involved with any program and that the mill rate will increase (slightly) to support any program the town implements.

Ms. Madore reviewed the spreadsheet (included in the handout) to inform the group of the current exemption programs that are currently available in East Windsor.

Joan Corbin (3 Bayberry Lane) asked what benefits are available to widows of veterans. Ms. Madore recommended that she meet with her so that they can review her situation and look at all options closely.

John McGrath (5 Broadview Lane) commented that he is very interested in a tax credit program and would like to learn more information. Ms. Madore gave him her business card to call and meet with her to review their situation as well.

Bonnie Yosky (7 Yosky Road) commented that the tax credit “sounds good”. She also commented that a deferral plan is good, but has concerns in regards to how a deferral plan may affect a homeowner’s children in the future.

Ms. Burns informed the group that, with a deferral plan, interest does apply as well. Ms. Madore stated that the interest rate is 18% at which time Ken Crouch (68 Stoughton Road) questioned if that was the current interest rate. Ms. Madore explained that because deferral is a liability, there is interest involved. She directed the group to sub-paragraph F of CT Statue 12-129n (in the handout), which states that interest must be applied, however the “rate is determined by the municipality”. At this time, Ms. Madore explained that most towns are at 18%, however, East Windsor would decide their rate.

Bonnie Yosky (7 Yosky Road) questioned- what will happen to the balance of the estate after the homeowner is deceased?

Ms. Burns addressed the question and informed the group that with a deferral program, the taxes are paid from the estate and any balance remaining goes back into the estate. Ms. Burns reminded the group that with a deferral plan, the town is a lien holder and would be paid as any lien holder on the property and after all lien holders are paid, the balance of the money still is in the estate.

The issue of reverse mortgages was raised. Ms. Burns explained that reverse mortgages might be advantageous, depending on the person’s current age/life expectancy. After mentioning that many factors should be considered before doing a reverse mortgage, Ms. Burns urged anyone looking into this issue to be certain that the company they are dealing with is registered with the U.S. Government.

Ms. Madore further added that anyone considering reverse mortgage as an option should speak to a banker and also to an attorney. John McGrath (5 Broadview Lane) said he is looking to find out more information on reverse mortgages - Ms. Madore mentioned that Webster Bank is a resource for questions and that they may hold an informational seminar on them in the near future.

Alice Smith (66 Rice Road) offered information on her own personal experience with reverse mortgage information, as she looked into it not too long ago. She had reviewed informational tapes regarding the issue and she personally felt it (reverse mortgage) was not a good plan for her.

Bonnie Yosky (7 Yosky Road) reiterated that she does like the idea of a credit program. She expressed concern of what could happen if the program is defeated at a vote.

Norman Van Anden (240-06 South Water Street) expressed concern over a deferral program’s costs (per Ms. Madore, a minimum cost would be \$2000.00). He asked why would a town even offer this program, with these expenses, if only a couple of homeowners decide to do a deferral? Mr. Van Anden had noted that one of the comparable towns only had two homeowners on a deferral plan.

Mr. Van Anden further mentioned that a deferral plan can put an individual “in the negative” if the person became disabled early in life. In this case, a credit program would be more beneficial.

Mr. Van Anden suggested that perhaps a “test” of some kind, similar to testing for welfare, food stamps, etc, should be developed to determine who could benefit from a program. He mentioned that although some homeowners may be over the income limit to qualify, they still may “live check to check” due to enormous medical bills (for example) and therefore could use some assistance. Mr. Van Anden suggested setting up classifications/guidelines to help establish the qualifications.

***CLOSING:***

Norman Van Anden (240-06 South Water Street) mentioned that the people involved with such programs are the people who “shop and stay local” and put their money back into town locally whether it’s retail, groceries, restaurants. He felt that these people would especially benefit from a town program.

Joan Corbin (3 Bayberry Lane) asked if there would be another meeting. Ms. Burns informed the group that besides the BOS meeting that they can attend, the Elderly Commission meets the fourth Monday of each month at 11: 30 am at the Town Hall. Both meetings are open to the public.

Ms. Burns informed the group that the Board of Selectman meeting is Tuesday 9/20/05 and that she will bring with her to the meeting all of the input from this forum and the morning’s forum.

Ms. Madore commented that she “gets the feeling” (from the group) that a tax credit plan is a good idea and that a deferral plan is “scary”.

Ms. Burns took an informal vote, by show of hands, who is interested in a tax credit plan and who is interested in a tax deferral plan. Show of hands – ALL were interested in a credit plan, NO interest in a deferral plan. Ms. Burns thanked the group for their participation and told them that she will be presenting the outcome of the forum to the BOS on Tuesday.

Ms. Madore thanked the group for attending and offered anyone with questions to call her.

Respectfully Submitted,

Christine Pellegrini  
Recording Secretary – Elderly Commission