

Ryan Knapp, Chair
Phil Carroll, Vice Chair
Neil Chaudhary
Joe Girgasky
Mary Ann Jacob
Lisa Romano



3 Primrose Lane
Newtown, CT. 06470
Tel. (203) 270-4210
www.newtown-ct.gov

TOWN OF NEWTOWN

Draft Minutes of the Legislative Ordinance Committee Meeting

The Ordinance Committee met on Wednesday, Wednesday March 5th, 2014 in the Municipal Center, 3 Primrose Lane, Newtown. Committee Chairman Ryan Knapp called the meeting to order at 6:30 pm.

Present: Ms Jacob, Mr. Chaudhary, Mr.Carroll, Mr. Girgasky, and Mr. Knapp

Also in attendance: Tax Collector Carol Mahoney and Finance Director Robert Tait

Absent: Ms. Romano

PUBLIC COMMENT: None

New Business

Mr. Knapp opened the discussion on the first agenda item: Deferral of taxes exceeding 8% of a homeowner's income as referred to the Ordinance Committee by the Legislative Council during the regular meeting of February 19th, 2014.

Mr. Knapp discussed the OLR research report that was distributed by The First Selectman at the February meeting. He summarized statute 12-124a and noted that it has been around for quite some time.

Mr. Tait distributed a document with the statute SEC 12-124a regarding tax abatement. The committee discussed this form with Mr. Tait and Newtown Tax Collector Carol Mahoney.

Mr. Tait and MS Mahoney stated that they receive approximately 15 to 20 requests from residents per year for some form of payment options.

Ms. Jacob asked how much of the taxes invoiced are collected. Ms. Mahoney replied 99%. We sell liens on the balance.

Mr. Chaudhary spoke to his concerns about the impact of people using this program as a reverse mortgage or as a "tax credit card"

Ms. Jacob stated that Finance board chairman John Kortze said the finance board is not in favor of a tax abatement ordinance.

Ms. Mahoney suggested a less formal deferral program developed internally. Noted the additional administrative work required for this program. Also that the lien would be second to the mortgage note when it came to collecting and that it would only be good for 15 years, meaning the town could end up with nothing eventually.

Mr. Knapp will contact CCM for more information on tax abatement. He noted Weston and Glastonbury had language about tax deferral programs in their tax code as was provided with the senior tax relief research.

Old Business

Mr. Knapp opened the discussion on the agenda item: The review and modification of Senior Tax Relief as referred to the Ordinance Committee by the Legislative Council during the regular meeting of January 30th, 2014.

Ms. Jacob reported BOF comments and communications. The BOF did not want to potentially decrease the abatement received by those in the lower brackets via an influx of applicants and the need for pro rating. The committee had discussion about the \$150,000. That would be earmarked for an additional tier within the tax relief structure.

There was additional discussion on income verification that Mr. Tait's office as well as Ms Mahoney's office would be in charge of this. Mr. Tait to contact Fairfield about how they do it.

Mr. Knapp suggested we remove dollar figures from the ordinance and refer to an annual standard based on the budget and what's been set. That way the ordinance does not need to be constantly amended.

Mr. Carol noted that according to our numbers, we are already close to prorating the benefit. Ms. Mahoney noted that we did need to do that a couple years ago.

Mr. Knapp recommended adding language in line with the Woodbridge code which excluded Medical Expenses in excess of 7.5% of adjusted gross income per the applicant's 1040 sch. a from income.

Mr. Chaudhary added he would like to see in the asset test regarding income verification, a provision that includes the home value if it exceeds some number, for example one million dollars. He referenced Greenwich's code.

Mr. Chaudhary wants to see language added to protect spouses in the event that a qualifying spouse is in a nursing home as was a provision in another town's code.

Ms. Jacob commented that she is impressed we help over 700 homes and wants to see us close up loop holes and issues regarding income reporting.

The group discussed how to protect the lowest income tier from prorating. Discussed language such as "not to exceed \$150,000 cumulative for the highest income bracket applicants."

Mr. Knapp volunteered to work on our existing ordinance to include these suggestions and bring it to the next meeting as a working draft.

Mr. Knapp opened the discussion on the agenda item: An amendment enabling the municipal option of Public Act No. 13-224, providing a tax exemption for One Hundred Percent Disabled Veterans as referred to the Ordinance Committee by the Legislative Council during the regular meeting of January 8th, 2014.

Mr. Knapp reported no news from the state on this topic.

Discussion on removing it from our responsibilities until a later date when the state has completed finalizing its regulations.

PUBLIC COMMENT: None.

Mr. Chaudhary motioned to adjourn at 7:30pm. Mr. Carroll seconded.

Respectfully Submitted,

Ryan W. Knapp
Ordinance Committee Chairman

TOWN OF NEWTOWN
 NEWTOWN SENIOR OR TOTALLY DISABLED TAX RELIEF PROGRAM
 JANUARY 7th, 2013

CURRENT PROGRAM - AUTHORIZED TOTAL TAX CREDIT AMOUNT = \$1,225,000

Income Range	Tax Credit	# Eligible	Total Tax Credit
55,001 - 65,000	1,276	114	145,464
45,001 - 55,000	1,476	144	212,544
0 - 45,000	1,976	414	818,064
odd cases	850	46	39,100
			<u>1,215,172</u>

PROPOSED NEW PROGRAM - AUTHORIZED TOTAL TAX CREDIT AMOUNT = \$1,500,000

Income Range	Tax Credit	# Eligible	Total Tax Credit	Credit Increase	
				\$	%
55,001 - 65,000	1,300	114	148,200	24	1.9%
45,001 - 55,000	1,750	144	252,000	274	18.6%
0 - 45,000	2,525	414	1,045,350	549	27.8%
odd cases	850	46	39,100		
New Applicants			15,350		
			<u>1,500,000</u>		

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REQUESTED TAX CREDIT INCREASE = \$275,000

NOTE: Proposing a \$275,000 increase in the Local Homeowners Elderly/Disabled Tax Credit. It is hoped that this increased tax credit would be funded by an increase in the grand list. A 0.3% increase in the net taxable grand list would fund this amount which would result in no additional taxes to existing tax payers. The last grand list grew 0.6%.

SEC. 12-124a:

- *...abate the property taxes due for any tax year ... to the extent that such property taxes exceed eight per cent or more of the total income from any source ...*
 - “To the extent” – would mean the property tax abated would be the amount over the 8% of income amount. The total property tax would not be abated unless the income is -0-
- *...Application for such abatement shall be made no later than thirty days preceding the tax due date for such tax year....*
 - Tax due date is July 1st; thirty days preceding is June 1st
 - Or, it goes on to state; *if the tax amount is not known by then* (depending on the # of referendums) *....within ten days following determination of the amount of such taxes..*
 - Problem – budget is adopted in April. Would have to estimate the effect of this abatement on the budget we are working on. There is no way to measure except for a survey (I think). Thereafter we would have to use prior year experience.
- Comments
 - If we were to do this I would do a survey first. Question – are your taxes more than 8% of your income and if so would you participate in this program (agreeing to lien your home)
 - The survey would give us a base to start with. It would enable us to adjust the next budget with an estimate. So the program would start in the next fiscal year.
 - The month of June is a very busy period for the tax office.
 - Liens are valid for 15 years.
 - Some people, that cannot afford to pay their taxes, currently, are not paying them. This results in a lien on their home. The tax collector does not aggressively foreclose on these people if they show they do not have the ability to pay. So this has the same effect as the abatement program. This is an internal informal policy.
 - Maybe, instead of the abatement program, we could create a formal internal policy for (long time?) residents that are having trouble paying their taxes. The aim of this internal formal policy would be to keep people, who are having trouble paying their taxes, in their homes. Would be based on income.

Sec. 12-124a. Municipal option to abate taxes on residence exceeding eight per cent of occupants' income. (a) Any municipality may, upon approval by its legislative body or in any town in which the legislative body is a town meeting, by the board of selectmen, abate the property taxes due for any tax year with respect to any residential dwelling occupied by the owner or owners and for whom such dwelling is the primary place of residence, to the extent that such property taxes exceed eight per cent or more of the total income from any source, adjusted for self-employed persons to reflect the allowance for expenses in determining adjusted gross income for federal income tax purposes, of such owner or owners and any other person for whom such dwelling is the primary place of residence, for the calendar year immediately preceding the beginning of the tax year for which such taxes are due. Application for such abatement shall be made not later than thirty days preceding the tax due date for such tax year, provided if the amount of such taxes has not been determined on such date, within ten days following determination of the amount of such taxes.

(b) Whenever any municipality has approved abatement of taxes as provided in subsection (a) of this section, the owner or owners shall deliver to the tax collector in such municipality, not later than ten days following the tax due date for such taxes abated, an agreement, on a form executed and acknowledged in the form and manner required for the transfer of an interest in real property, to reimburse such municipality in the amount of the taxes abated, with interest at six per cent per annum or such rate as approved by the legislative body. Such agreement shall contain a legal description of the real property with respect to which such abatement is approved and shall be recorded in the land records of such municipality. Such agreement shall constitute a lien on such real property which shall remain valid until paid. Such lien shall be due and payable in full upon the sale or transfer of such real property or upon the death of the owner, or if owned by more than one person at the time such lien is created, upon the death of the last of such owners surviving. Such lien shall be released by the tax collector in such municipality when the taxes secured thereby have been paid. No lien recorded under the provisions of this subsection shall take precedence over any mortgage recorded in the land records prior to such certificate of lien.

(P.A. 78-235, S. 1, 2; P.A. 81-444, S. 1, 2.)

History: P.A. 81-444 allowed abatement to the extent that such taxes exceed 8%, rather than 10%, or more of the total income of the occupants of the owner's dwelling, effective July 7, 1981, and applicable in any municipality to assessment year commencing October 1, 1981, and thereafter.