

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



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TOWN OF NEWTOWN

Draft Minutes of the Legislative Ordinance Committee Meeting

The Ordinance Committee met on Monday April 7th, 2014 in Meeting Room 1 of the Municipal Center, 3 Primrose Lane, Newtown. Committee Chairman Ryan Knapp called the meeting to order at 7:05 pm.

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

Also in attendance: Attorney David Dobin, Finance Director Robert Tait and several members of the public

Absent: Mr. Girgasky

PUBLIC COMMENT: Before voter comment, Mr. Knapp reminded those in attendance of the limited topics the Ordinance Committee has within its purview to address and requested that comments be limited to the agenda items.

Stephen Rosenblatt, 50 Watkins Drive, read a statement that is being scanned and should be posted with this document. The statement specifically related to the asset test and Medicaid deductions from social security benefits.

Bernie Cohen, 52 Watkins Drive, gave a firsthand account of his situation where circumstances force him to withdraw from his IRA and would potentially disqualify him for the abatement. Mr. Cohen said that just after he moved to Newtown, the housing market crashed and he was unable to sell his old home. In order to pay both mortgages, he will have to withdraw so much from his retirement account, and pay penalties to do so, that it could disqualify him from receiving any abatement. With two mortgages, social security benefits do not cover his bills. Mr. Cohen then asked for a history of the document and process to date.

Janis Garten, 2 Watkins Drive, said that she is not looking for special allowances. She does feel targeted and wants people to understand that a nice house does not mean someone is rich. She also questioned why a comparable house on Walnut Tree pays half as much in taxes.

Rudy Magnan, 60 Watkins Drive, advocated for a flat tax credit to all seniors to offset some of the costs since revaluation. He asked what other towns do and if we have done any research. Mr. Knapp summarized the research that has been done and the amount of information received from CCM.

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.

Mr Knapp opened with a review of the process to date and went through the body of the document explaining the thoughts and intentions of the group that lead to these points, noting what is different from the existing code. Mr. Knapp explained the recommendations of the BOF and the desire of the Committee that the credits go to those who need it most.

Mr. Knapp explained income brackets A, B, C, and D, and also distributed a sliding scale document he drew up on the idea that Ms. Ramono stated two weeks ago. He explained how it would work but stated that it could not be implemented this year as it is too late in the tax year. He noted that people would have no idea of how much credit they stood to receive at the time of application which may discourage

Rec'd. for Record 4-10 2014
Town Clerk of Newtown 4:15 pm
Debbie Aurdia Halstead

people from applying and that it made it difficult for people to budget. He pointed out that it now distributes funds unevenly in ranges and cited a \$0 income and a \$44,000 income which both are currently in Group A.

Ms. Jacobs stated she was not in favor of this type of scale as it favors the lowest and highest income earners, and this ordinance was intended to help the lowest income earners because it could possibly be the difference of paying taxes or buying food.

Mr. Knapp explained document "Proposed Ordinance Revision E"

Ms. Jacobs made suggested amendments to the document and asked attorney Dobin why section E was in the document then she asked if it could be re-worded to make "A" two parts. Attorney Dobin said it was up to the L.C.

The group agreed to change the extension for this year from June 1 to June 15.

The group discussed setting a firm number ahead of the budget process each year. Amended 208-8

Ms. Jacobs read the ad in the Newtown Bee asking senior applicants applying for tax credit to bring in documentation of income.

Mr. Tait arrived at the meeting around eight. He stated the medium home assessment value is 330k.

Mr. Chaudhary stated he would like the medium assessed value times 200 % to be the maximum home value to be eligible for the tax credit. Group agreed.

Mr Tait believes the applicants have to produce income verification every year or every other year, but he will check on that. (per the tax collector FAQ, it is every other year). The group expressed a desire not to change from what we are actually doing, but the ordinance language should reflect practice.

Mr. Knapp noted that we are in the middle of an application period that has been noticed under the existing ordinance as of March 1, 2014. Rolling out any potentially disqualifying language now would be an administrative head ache, cause a lot of frustration and a host of other issues. He suggested they be effective for 2015's application process.

In the discussion regarding the asset level to qualify, the committee discussed requiring the L.C. to set a maximum amount of assets for group "D". \$650,000 was an arbitrary place holder based on Fairfield and we do not have data on how many people will be disqualified based on where this number is set.

Ms. Jacob suggested that since this goes into effect next year, we will have a pilot year of group D to see how utilized those funds are. Stressed that our intention is to get the funds to those who need it most.

Mr. Knapp asked that we somehow survey the applicants to get a sense of where they fall in terms of assets. That way, if the council feels they want this money to go to a portion of the applicants that most need it, they can set a number that will have that effect. He gave a theoretical example of prorating vs using an asset test based on a real life example given in voter comment.

The committee will ask Tax collector Carol Mahoney to send a letter to all applicants asking for asset data.

Mr. Knapp and Attorney Dobin will work on revising the language between now and the next meeting.

Mr. Knapp will notice a meeting for Wednesday the 9th at 7:00 PM

The goal of the committee is to present the ordinance to the L.C. at the April 9th meeting for approval.

Discussion of having a meeting before the LC meeting at 7:30. All agreed.

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.

PUBLIC COMMENT: Mr. Rosenblatt asked that what decisions the committee came to. Mr. Knapp summarized the discussions and what the plan of action was.

Mr. Chaudhary motioned to adjourn at 8:50pm. Mr. Carroll seconded.

Respectfully Submitted,

Ryan W. Knapp
Ordinance Committee Chairman

4/24/14

DRAFT Ord. No. 45A Possible Revisions

Revision DE

§ 208-1 Purpose.

The Town of Newtown hereby modifies its program of tax relief for the elderly pursuant to § 12-129n of the General Statutes of Connecticut for eligible residents of the Town of Newtown for the fiscal year commencing July 1, 2014, on the terms and conditions provided herein.

§ 208-2 Tax credit granted; eligibility.

Any person who owns real property in the Town of Newtown or who is liable for the payment of taxes thereon pursuant to § 12-48 of the Connecticut General Statutes and who occupies said real property as a residence and who fulfills the following eligibility requirements shall be entitled, subject to the limits, if any, of § 208-8, to tax relief pursuant to § 12-129n of the Connecticut General Statutes in the form of a tax credit which may be reviewed and established by the Legislative Council for succeeding fiscal years, provided that any such revision for a subsequent fiscal year shall be made prior to the time when the Legislative Council makes its final proposed budget recommendation for said fiscal year. The Tax Collector shall contact the Chairman of the Legislative Council on or before February 1 of each calendar year to discuss such possible review.

A.

Such person is 65 years of age or over as of July 1 following his/her application; or his or her spouse living with said person is 65 years of age or over as of July 1 following his/her application; the surviving spouse, 60 years or over as of July 1 following his/her application, of a taxpayer who has qualified in Newtown under this article at the time of his or her death. Such person is under age 65 years of age and eligible in accordance with applicable federal regulations to receive permanent total disability benefits under Social Security, or has not been engaged in employment covered by Social Security and accordingly has not qualified for benefits there under, but has become qualified for permanent total disability benefits under any federal, state, or local government retirement or disability plan, including the Railroad Retirement Act and any government-related teacher's retirement plan, in which requirements with respect to qualifications for such permanent total disability benefits are comparable to such requirements under Social Security.

B.

Such person has resided at and paid real estate taxes on a residence located in Newtown for a period of one year prior to his or her application for tax relief.

C.

The property for which the exemption is claimed is the legal domicile of such person and is occupied more than 183 days of each year by such person.

D.

Such person shall have applied for property tax relief under any state statutes for which he/she is eligible. If such applicant has not applied for tax relief under any state statute because he/she is not eligible, he/she shall so certify by filing on a form acceptable to the Tax Collector an affidavit testifying to his/her ineligibility.

E.

Reapplication each fiscal year will not be required, except that in any subsequent calendar year that an applicant has income in excess of the maximum described in § 208-2, he/she shall notify the municipal Tax Collector on or before the next filing date and shall be denied tax relief under § 208-2 for that fiscal

year and any subsequent year until he/she has reapplied and again qualified for relief under § 208-2 of this article.

F.

Such person shall have individually, if unmarried, or jointly, if married, Modified Income (as hereinafter defined) not more than established by resolution of the Legislative Council in accordance with this section.

Modified Income for each includable household member shall be calculated as follows, based on the tax year ending immediately preceding the application for tax relief benefits:

Federal adjusted gross income, as defined in the Internal Revenue Code of 1986, as may be amended from time to time ("AGI")	\$XXX
PLUS:	
Social security/railroad retirement benefits not included in AGI	\$XXX
Tax-exempt interest income	\$XXX
Net losses per Form 1040 (used to arrive at AGI)	\$XXX
Business losses per Form 1040	\$XXX
Capital losses per Form 1040	\$XXX
Other losses per Form 1040	\$XXX
Schedule E losses per Form 1040	\$XXX
Farm losses per Form 1040	\$XXX
Net operating losses per Form 1040	\$XXX
Disability income not included in AGI	\$XXX
MINUS	
Unreimbursed gross medical expenses qualifying as and included on a federal income tax return of the calendar year immediately preceding the year of application as an itemized deduction in excess of 7.5% of AGI (per form 1040, Schedule A)	(\$XXX)

For the 2014-2015 fiscal year and subsequent fiscal years (unless changed by the Legislative Council in accordance with this section), the Modified Income levels for the prior calendar year and the corresponding Maximum Available Tax Credits for those levels shall be as follows:

Reference Designation	Modified Income Level	Maximum Available Tax Credit
Group A	\$0 to \$45,000	\$2,000
Group B	\$45,001 to \$55,000	\$1,500
Group C	\$55,001 to \$65,000	\$1,300
Group D	\$65,001 to \$70,000	\$800

Modified Income levels and corresponding Maximum Available Tax Credits are subject to change upon resolution by the Legislative Council, which may base such changes on recommendations to the Legislative Council from the Tax Collector. Current Modified Income levels and corresponding Maximum Available Tax Credits shall be made available to the public in the office of the Tax Collector.

G.

An applicant will be disqualified if he/she owes taxes in the Town of Newtown more than six months delinquent.

H.

Any application for tax relief must be filed by any person who fulfills the eligibility requirements in this article.

I.

The tax credit on real property as provided herein shall only apply to the residence itself, the lot on which the residence is located and improvements on said lot.

J.

All applications and supporting information filed with the Town shall be treated as confidential documents.

K.

Any applicant and spouse who qualify for property tax relief hereunder shall have a qualifying total asset value (QTAV) not exceeding \$650,000 (the "QTAV Limit"). Qualifying total asset value shall consist of any and all assets of the applicant and spouse as of the date of the application but shall specifically exclude the value of the applicant's primary legal residence and all tangible personal property contained therein. Each applicant to whom the QTAV applies shall make a sworn statement in a form satisfactory to the Assessor that such applicant's QTAV qualifying total asset value does not exceed \$650,000, the QTAV Limit. The QTAV Limit as set forth in this section 208-2(K) is subject to change upon resolution by the Legislative Council, and the current QTAV Limit shall be made available to the public in the office of the Tax Collector.

L.

The property tax relief available hereunder shall be available for one (1) residence only collectively for each applicant and spouse and shall not be available to any residence with an assessed value in excess of one hundred and fifty (150) percent of the median assessed value of residences assessed during each of the prior assessment years, October 1 to September 30, since the inception of the last town-wide revaluation as calculated by the Assessor (the "Assessed Value Limit"). The Assessed Value Limit as set forth in this section 208-2(L) is subject to change upon resolution by the Legislative Council, and the current Assessed Value Limit shall be made available to the public in the office of the Tax Collector.

§ 208-3 Application deadline.

In order to be entitled to the benefits provided herein, an application must be filed with the Tax Collector of the Town of Newtown not earlier than March 1 nor later than May 15 (June 1, 2014, in the case of 2014 fiscal year applications) to obtain the benefits provided herein for the next fiscal year. The application for tax relief must be made after such person becomes eligible to apply as set forth above.

§ 208-4 Maximum allowable tax credit.

The total of all tax credits granted under the provisions of this article shall not in any taxable year exceed an amount equal to 10% of the total real property tax assessed in Newtown in the preceding tax year.

§ 208-5 Limitations on credit.

Only one tax credit as heretofore set forth shall be allowed for each parcel of land eligible for the tax relief under this article. In any case where title to real property is recorded in the name of the taxpayer or his or her spouse who are eligible for tax relief and any other person or persons, the tax relief under this article shall be prorated to allow a tax credit equivalent to the fractional share in the property of such tax payer or spouse, and the persons not otherwise eligible for tax relief shall not receive any tax credit.

§ 208-6 Waiver of lien rights.

The Town of Newtown hereby waives any lien rights given to it by § 12-129n of the General Statutes of the State of Connecticut.

§ 208-7 Limitation on reduction in total tax.

No person's normal real estate tax shall be reduced by more than 75% by virtue of said credit provided by this article, together with all tax relief benefits obtained by said person from the State of Connecticut pursuant to state law.

§ 208-8 Limitation on total amount of relief granted.

For each fiscal year, the total revenue loss to the Town from the program, together with all other elderly real property tax relief benefit programs pursuant to state law, exclusive of any tax deferral programs that may from time to time be enacted, shall not exceed the amount appropriated in said fiscal year's annual budget for the program (the "Cap Amount"). In order to address the situation in which the number of qualified applicants in one or more of the Modified Income levels is such that providing the Maximum Available Tax Credit to each applicant would result in total revenue loss to the Town from the program exceeding the Cap Amount, the Tax Collector shall utilize the following method to determine the actual tax credits received by such qualified applicants:

A.

For each fiscal year, the amount appropriated in said fiscal year's annual budget for tax credits to qualified applicants in the Group D Modified Income level (the "Group D Cap") shall not exceed 10% of the amount appropriated in said fiscal year's annual budget for qualified applicants in the Groups A-C Modified Income levels (the "Groups A-C Cap").

B.

If the product of (i) the number of qualified applicants in the Group D Modified Income level and (ii) the corresponding Maximum Available Tax Credit (the "Group D Applied Tax Credit") is more than the Group D Cap, then the tax credits available to qualified applicants in the Group D Modified Income level shall be reduced on a pro-rata basis such that the total amount of tax credits for such applicants does not exceed the Group D Cap. If the Group D Applied Tax Credit is less than or equal to the Group D Cap, the excess funds, if any, (the "Group D Surplus") shall be allocated to fund tax credits for qualified applicants in the Groups A-C Modified Income levels.

C.

If the product of (i) the number of qualified applicants in the Groups A-C Modified Income level and (ii) the corresponding Maximum Available Tax Credit (the "Groups A-C Applied Tax Credit") is more than the sum of (iii) the Groups A-C Cap and (iv) the Group D Surplus, if any, (the "Groups A-C Allocation") then the tax credits available to qualified applicants in the Groups A-C Modified Income levels shall be reduced on a pro-rata basis such that the total amount of tax credits for such applicants does not exceed the Groups A-C Allocation. If the Groups A-C Applied Tax Credit is less than or equal to the Groups A-C Allocation, the excess funds, if any, (the "Groups A-C Surplus") shall be allocated to the General Fund of the Town of Newtown.

The Cap Amount, the Group D Cap, the Groups A-C Cap, and the method utilized to determine the actual tax credits to be received by qualified applicants may be revised by the Legislative Council in the same manner as the Modified Income levels and corresponding Maximum Available Tax Credits may be revised pursuant to § 208-2.

DRAFT

Statement to Ordinance Committee

-I would like to cite the inclusion of a \$650,000 asset cap as an unfair and prejudicial aspect of the revised senior tax relief program. It significantly reduces the opportunity offered in Group D to small number of retirees and defeats the purpose of providing broader relief given the provision of \$150,000 for Group D qualifiers in the new budget.

Since the present plan requires no asset stipulation in providing relief to qualified senior applicants, I believe its employment here is discriminatory and insincere. Most seniors who are not working and can report an income between \$65K- \$70K are claiming SS for a couple plus mandatory withdrawals required of substantial capital assets. Single filing seniors with one SS check would require even more assets.

I receive social security checks because I contributed to the SS fund since 1958, and report I in my tax filing. No QTAV is asked for or required.

I receive Medicare coverage, a portion of which I pay for as it is deducted from my SS check. No QTAV is asked for or required.

As a senior I receive discounts from stores for merchandise, movies, car rentals, hotels, the Newtown Park Pass and dozens more and no QTAV is asked for or required.
Only that I can prove that I am 79 years old.

I pay Federal and State tax based on the income I receive from my life savings, without the government asking for my total asset value. I am taxed solely on my income

The point here is the value of my assets is irrelevant in this discussion of senior tax relief.

The town budget allocated \$150,000 to potentially benefit 187 senior applications. The BoF wants to hedge the offer by demanding \$650,000 asset cap.

Consider this: If every senior homeowner in Regency, Liberty and The Woods qualified and received a \$800 abatement, it still wouldn't add up to \$150,000 .

-As to the consideration offered by allowing medical expenses over 7.5% of income to be deducted from AGI, I would point out that a portion of SS checks are Medicare Part B premiums and that deduction should modify the add back of line 20A on the 1040, in calculating qualifying income.

Stephen Rosenblatt
50 Watkins Drive
Sandy Hook, CT 03482

April 7, 2014

Sliding Scale Tax Credit Calculation

Min Income	\$0
Max Income	\$70,000
Max Income Credit Relative To Min Income Credit	40%
Total Allocation Per Budget	\$120,000
Max Credit (\$0 income)... X	\$2,237.78

$$Total\ Pot\ (\$) = \sum \left[X - \frac{Income}{Max\ Incom.} \right]$$

$$Total\ Pot\ (\$) = \sum \left[X - \frac{Income}{Max\ Incom.} \right]$$

$$X = \frac{Total\ Pot}{\sum \left[1 - .6 \left(\frac{Income}{Max\ Income} \right) \right]}$$

Income	Name	Scaling Factor	Credit Amount
0.00	Joe	1	\$2,237.78
20.00		0.999828571	\$2,237.40
30.00		0.999742857	\$2,237.21
2,000.00		0.982857143	\$2,199.42
3,400.00		0.970857143	\$2,172.57
4,650.00	Sally	0.960142857	\$2,148.59
5,000.00	Tom	0.957142857	\$2,141.88
5,000.00		0.957142857	\$2,141.88
5,000.00		0.957142857	\$2,141.88
9,600.00		0.917714286	\$2,053.65
10,000.00		0.914285714	\$2,045.97
12,350.00		0.894142857	\$2,000.90
12,500.00		0.892857143	\$1,998.02
14,000.00		0.88	\$1,969.25
14,000.00		0.88	\$1,969.25
15,000.00		0.871428571	\$1,950.07
20,000.00	Pete	0.828571429	\$1,854.16
20,000.00		0.828571429	\$1,854.16
20,000.00		0.828571429	\$1,854.16
20,000.00		0.828571429	\$1,854.16
21,000.00		0.82	\$1,834.98
22,000.00		0.811428571	\$1,815.80
23,000.00		0.802857143	\$1,796.62
24,000.00		0.794285714	\$1,777.44
25,000.00		0.785714286	\$1,758.26
26,000.00		0.777142857	\$1,739.08
27,000.00		0.768571429	\$1,719.90
28,000.00		0.76	\$1,700.72
29,000.00		0.751428571	\$1,681.53
31,500.00		0.73	\$1,633.58

32,000.00	0.725714286	\$1,623.99
32,500.00	0.721428571	\$1,614.40
33,000.00	0.717142857	\$1,604.81
33,000.00	0.717142857	\$1,604.81
33,400.00	0.713714286	\$1,597.14
33,500.00	0.712857143	\$1,595.22
34,000.00	0.708571429	\$1,585.63
34,500.00	0.704285714	\$1,576.04
34,561.00	0.703762857	\$1,574.87
35,000.00	0.7	\$1,566.45
35,500.00	0.695714286	\$1,556.86
35,600.00	0.694857143	\$1,554.94
36,000.00	0.691428571	\$1,547.27
36,500.00	0.687142857	\$1,537.68
36,700.00	0.685428571	\$1,533.84
37,000.00	0.682857143	\$1,528.09
37,500.00	0.678571429	\$1,518.50
38,000.00	0.674285714	\$1,508.91
38,000.00	0.674285714	\$1,508.91
38,500.00	0.67	\$1,499.32
39,000.00	0.665714286	\$1,489.72
39,000.00	0.665714286	\$1,489.72
39,500.00	0.661428571	\$1,480.13
40,000.00	0.657142857	\$1,470.54
42,000.00	0.64	\$1,432.18
45,000.00	0.614285714	\$1,374.64
45,000.00	0.614285714	\$1,374.64
45,000.00	0.614285714	\$1,374.64
45,500.00	0.61	\$1,365.05
50,000.00	0.571428571	\$1,278.73
50,000.00	0.571428571	\$1,278.73
52,000.00	0.554285714	\$1,240.37
54,000.00	0.537142857	\$1,202.01
56,000.00	0.52	\$1,163.65
56,000.00	0.52	\$1,163.65
60,000.00	0.485714286	\$1,086.92
60,000.00	0.485714286	\$1,086.92
60,000.00	0.485714286	\$1,086.92
60,000.00	0.485714286	\$1,086.92
62,000.00	0.468571429	\$1,048.56
65,000.00	0.442857143	\$991.02
66,000.00 Albert	0.434285714	\$971.84
69,000.00	0.408571429	\$914.29
70,000.00 Mike	0.4	\$895.11
70,000.00	0.4	\$895.11