

Public Hearing
7:00 p.m., Monday, September 24, 2007
Durham Public Library

Re: Senior Tax Relief Proposed Ordinances

Minutes

James McLaughlin called the meeting order at 7:00 p.m., welcomed everyone for coming and led the pledge of allegiance. He then turned the meeting over to Ron Capozzi, Chairman of the Senior Tax Relief Committee.

Ron Capozzi stated that he was on the first Senior Tax Relief Committee and was asked back by J. McLaughlin to be on this committee; its intent being to allow seniors to stay in their homes, to provide flexibility by offering two mutually exclusive proposals, modeling these proposals from the Town of Guilford.

He then asked the members of the committee to introduce and tell a little about themselves.

- Carolyn Wallach: she grew up in Durham, her parents reside in Durham and she has three children in the school system.
- Laine Melvin: she has lived in Durham since 1965 and is Chairman of the Senior Citizen Board.
- Liz Conroy: has lived in Durham for 10 years, her parents reside in Durham and she has three children
- Charles Mik: a resident of Durham for 10 years, he was instrumental in starting this committee and hopes that these ordinances pass as they will be beneficial to some.
- Martin French: he is the current Tax Collector for the Town of Durham, has lived in Durham since he was five years old, has a child in the school system, and enjoyed working on the committee.
- Charlie Bogen: he is a self employed businessman in Durham; he resides in Durham and has four children in the school system.

Liz Conroy then explained the two ordinances proposed:

Freeze Program

- ✓ The objective of the Senior Tax Relief Program is to "freeze" the real estate taxes of taxpayers who qualify under this program at their current level, subject to budgetary restrictions set forth below.
- ✓ Eligibility requirements:
 - Sixty-five years of age and over or whose spouses, living with them, are 65 years of age or over
 - or 60 years of age or over and the surviving spouse of a taxpayer qualified under this plan at the time of his or her death
 - Under age 65 and eligible in accordance with applicable federal regulations to receive permanent total disability benefits under social security
- ✓ Income levels not to exceed:

○ 1 to 10 years of residence,	Single \$32,800	Married \$40,000
○ 11 to 20 years of residence,	Single \$50,840	Married \$62,000
○ 20 plus years of residence,	Single \$68,880	Married \$84,000

 - All such taxpayers or their spouses who may qualify for tax relief under Sections 12-129b to 12-129d, inclusive, and 12-170aa of the Connecticut General Statutes, must apply for and be included, if qualified, in such program.

- Cannot be in arrears on any taxes owed the town, including but not limited to motor vehicle and personal property taxes.
- Must file a written application for the program annually between February 1 and May 15.
- ✓ Termination of relief:
 - Ends on the date that the property is sold or transferred or on the date of death of the qualifying owner or qualifying spouse, whichever is earlier.
- ✓ Establishing cap:
 - The total amount of tax relief under the Senior Tax Relief Program to all qualified taxpayers shall be determined by the Board of Finance and shall not exceed one-half of one percent of the previous year's total budget, including the town and educational budgets.
 - Each January meeting beginning in the year 2008, the Board of Finance shall establish a maximum amount, or "cap," for the aggregate amount of benefits available under this program. This cap shall not exceed one-half of one percent of the previous year's total town and educational budgets. The Board of Finance shall review the percentage of the cap for the Senior Tax Relief Program for the purpose of determining suitability and shall at the same time set the dollar amount of the cap.
- ✓ Coordination with other tax relief programs:
 - Taxpayers shall be eligible to participate in only one local tax relief program, i.e., the Tax Deferral Program or the Senior Tax Relief Program.

Tax Deferral Program

- ✓ The objective of the Durham Tax Deferral Program is to defer payment of real estate taxes for qualifying taxpayers as described below until the property is transferred or the claimant dies without a qualified surviving spouse.
- ✓ Eligibility requirements:
 - Sixty-five years of age and over or whose spouses, living with them, are 65 years of age or over
 - or 60 years of age or over and the surviving spouse of a taxpayer qualified under this plan at the time of his or her death.
- ✓ Income levels not to exceed:

○ 5 to 10 years of residency	Single \$32,800	Married \$40,000
○ 11 to 20 years of residency	Single \$50,840	Married \$62,000
○ 20 plus years of residency	Single \$68,880	Married \$84,000

 - Under age 65 and eligible in accordance with applicable federal regulations to receive permanent total disability benefits under social security
- ✓ Coordination with other tax relief programs:
 - Taxpayers shall be eligible to participate in only one local tax relief program, i.e., the Tax Deferral Program or the Senior Tax Relief Program
- ✓ Participation is state programs required:
 - All such residents or spouses who may qualify for tax relief under Sections 12-129b through 12-129d, inclusive, 12-129h and/or 12-170aa of the Connecticut General

Statutes must apply for and be included, if qualified, in such program or programs as a condition precedent to qualifying for and receiving benefits under the Durham Tax Deferral Program.

- ✓ Interest, lien and repayment
 - All tax deferrals granted under DTDP shall bear interest from the date said deferred taxes become due (July 1 and January 1 of each year) and compound annually until fully paid. The rate of interest payable on such deferred taxes shall be set annually by the Durham Board of Finance at its first regular meeting in January of each year, to be applicable to the fiscal year commencing the following July 1.
 - As a condition precedent to receiving the tax deferral benefits under DTDP, an applicant shall execute a tax deferral lien.
 - Taxes deferred under DTDP shall be due and payable, together with accumulated interest thereon, at such time as the real property in question is sold and conveyed.

- ✓ Annual application process:
 - Any resident believing himself or herself entitled to tax deferrals under DTDP for any assessment year shall make application on a form prepared for such purpose by the Durham Assessor and submit the same for approval to the Durham Assessor at any time from February 1 to and including May 15 of the year for which the tax deferral benefit is claimed.

Liz then opened up the meeting for questions.

Resident: As taxes go up will you have to pay increases?

L. Conroy: No, as long as you meet the requirements to qualify to stay in the program. The increases are redistributed to tax payers.

Resident: A veteran asked if income levels were based on inflation.

L. Conroy: The Board of Selectmen has the authority to change the income levels if they feel circumstances merit it.

Janet Muraca stated that the current Senior Tax Relief Ordinance set eligibility limits at a maximum of \$40,000. Each year people were eliminated because this limit did not cover cost of living increases.

Resident: The ordinances require that we file an application with the Town of Durham to include a copy of our federal income tax return. How are you going to protect this information?

Resident: How will you protect seniors from identify theft?

M. French: Assessors office already receives proof of residency information and there are state laws and confidentiality agreements. The applications would be physically locked in a drawer or file.

Resident: What if you file for an income tax extension?

R. Capozzi: He referred him to #51 in the question and answer booklet; the filing deadline of May 15th is not extended because you filed an extension for your federal income tax return. There are no filing extensions for any reasons.

Resident: It is not uncommon to file late returns, how can you exclude? The extension deadline is October 15th.

M. French: Most ordinances have a firm filing deadline. State Statues regulate the deadline.

R. Edwards: Recommended looking into the regulations on extension deadlines.

Resident: Commented that he thought that longevity of residence in Durham should not be part of the levels. He stated that he thought if your income level was \$84,000 you could afford to pay your taxes.

Resident: Under the deferred program what happens with the balance that is uncollected?
L. Conroy: The balance is deferred. After about five years participants who have deferred left the program or are deceased the money comes back into the pool.

Resident: Thanked the committee and stated that this was a long time in coming. If she participates in the deferred program can they apply for a loan if you have a lien on property due to the ordinance?

R. Capozzi: If you have equity in your home and you qualify with your bank you can acquire a loan.

Resident: How is interest applied in the deferral program?

L. Conroy: The Board of Finance in January of each year sets the rate annually. It may be at the current rate the town is borrowing at, at a lower rate, or eliminated all together.

Resident: A resident read from an article that they had a Ct town was at 4.5 %.

Resident: How does the deferral program compliment our town? If more families move into town with children, how will the education budget be funded?

R. Capozzi: This is beyond the charge of the committee.

Resident: Suppose you take the deferral option for 7-8 years, pay back the taxes and interest, can I apply for the freeze option?

R. Capozzi: Yes

Laura Francis: Are there any administrative costs associated with the ordinances such as personnel or legal costs?

R. Capozzi: These ordinances would replace the current relief program with the same level of paperwork.

L. Conroy: Little burden. In speaking with the Town of Guilford, they had no additional costs.

J. Muraca: She noted under the freeze program trust agreements would need to be reviewed by Town Counsel

L. Conroy: She agreed stating that there would be a potential cost for Town Counsel fees.

Resident: Page one on the freeze ordinance, section B was questioned. It states that your total adjusted gross income would include your "gross social security income" and then states separately that "specifically excluded are social security payments..."

R. Capozzi: Social Security disability needs to be researched. He then referred to question #56 in the question and answer booklet "How is my income calculated?"

L. Conroy: Commented that the line #'s referenced in question #56 were from an old 1040.

R. Capozzi: He stated that the social security question would be researched by the committee.

Martin French then handed out and explained a spreadsheet titled: Cost of the Tax Freeze Plan to non-participants. He explained that these were just estimates and a guide for reference. He said that if he took the worst care scenario, if the plan cap is reached the total cost based on last year's budget would be \$125,000.00 equal to .5 of 1%. The spreadsheet was created using that assumption. The spreadsheet also estimates the extra amount non-participants would pay to cover the frozen senior taxes. He stated that there is a clear difference between the freeze and deferral plan; the freeze is tax revenue that is paid by others; the deferral is tax revenue plus interest paid back. He talked with

the tax collector from Madison who stated their town has participated in senior tax relief for over 18 years deferring \$500,000 with \$400,000 people paying back into the program, the program becomes very affordable. The largest amount of participants in a single year was 17.

Cost of the Tax Freeze Plan to non-participants. All these estimates assume the plan cap is reached								
	Market Value of your house	70% Assessed Value of your house	sample mill rate	Tax Amount	Estimated sample mill rate needed with freeze plan	New Tax Amount	difference in tax bill per house	
a	\$750,000	\$525,000	26.25	\$13,781.25	26.45	\$13,886.25	\$105.00	
b	\$500,000	\$350,000	26.25	\$9,187.50	26.45	\$9,257.50	\$70.00	
c	\$350,000	\$245,000	26.25	\$6,431.25	26.45	\$6,480.25	\$49.00	
d	\$300,000	\$210,000	26.25	\$5,512.50	26.45	\$5,554.50	\$42.00	
e	\$250,000	\$175,000	26.25	\$4,593.75	26.45	\$4,628.75	\$35.00	
avg.	\$367,850	\$257,500	26.25	\$6,759.38	26.45	\$6,810.88	\$51.50	less than 1%

Resident: I receive a veteran's pension. In 2008 the State of Connecticut started to reduce the state income taxes on veteran's pension by 50%. In reference to qualifying income would the town consider this down the road?

R. Capozzi: This is a very interesting point. The committee would need to talk about.

Resident: I currently participate in the current senior tax relief program that's maximum is \$40,000. Will this interfere with the new program?

L. Conroy: When the new program is implemented the old plan will cease to exist. She referred to question #70 in the question and answer booklet.

Resident: How would the program work if you only own one half of your home?

L. Conroy: It would then be prorated.

R. Capozzi closed the meeting at 8:00 p.m. thanking all for coming.

J. McLaughlin also thanked everyone for attending and stated that he felt there should be another public hearing to be scheduled on the subject.

Respectfully submitted:

Beth Moncata