

Chapter 20  
Taxation\*

Sec. 20-11. Property tax relief; Senior Tax Freeze Program for Certain Elderly and/or Disabled Homeowners

Pursuant to the authority granted by C.G.S. §12-129n, as amended, for tax relief for elderly/totally disabled homeowners provided under said statute, it is hereby recommended as follows:

(1) *Qualifications for Tax Freeze.*

Any person who meets the eligibility requirements in subsections (a) through (h); whose income, as determined in subsection 2 (b) does not exceed the Qualifying Income as determined in subsection 2 (a); and whose property value does not exceed the Property Valuation Limits set forth in section 4 below, shall be entitled to apply for a tax freeze under which such person shall pay the gross tax levied on the real property, calculated for the first year the application is granted (" tax freeze amount") and shall be entitled to continue to pay no more than the tax freeze amount for each subsequent year in which the person, or surviving spouse, continues to meet such qualifications and those set forth herein.

(a) The person shall own real property in the Town of Madison or be liable for the payment of taxes pursuant to G.S. § 12-48 and shall occupy the real property as a primary residence.

(b) The property owner or spouse living with them must be sixty-five (65) years of age at the end of the previous calendar year, or a person under age sixty-five (65) and eligible in accordance with federal regulation to receive permanent total disability benefits under Social Security, including the Railroad Retirement Act and any government- related teacher's disability retirement plan;

(c) A surviving spouse of sixty (60) years of age or older of a taxpayer previously qualified under this section at the time of his/her death. If the surviving spouse remarries he/she must requalify;

(d) The person must have resided in the town and paid real property taxes in the town for one (1) year prior to his/her application;

(e) The person must have applied for real property tax relief pursuant to all other state statutes under which he/she is eligible;

(f) No person in default in payment of his/her real property taxes to the town shall be eligible for a real property tax relief pursuant to this program. Participation in the tax deferral program will not disqualify a person from eligibility for this program;

(g) The real property for which the relief is claimed must be the legal domicile of such person. The person must occupy the property for more than two hundred fifty (250) days of each calendar year and such person must not be registered for a tax relief program in any other jurisdiction. In the event that the property owner is absent from the property due to health concerns, such person must have an abiding intent to return to the property within two (2) years in order for that person to remain eligible for this tax relief program;

(h) If the person is in a nursing home on a permanent basis and there is a spouse living in the

home who is sixty (60) years of age and older, and who meets all other qualifications, the owner's tax relief may continue.

*(2) Income Qualifications.*

(a) Qualifying Income. In order to make allowances for long-time citizens in recognition of their significant contributions to the Town of Madison, qualifying income shall be determined annually by multiplying the applicable percentage in the following schedule by the median household income for the Town of Madison as reported in the household income data as published annually in the US Census Bureau American Community Survey.

**QUALIFYING INCOME**

<b>Years of Residence (years)</b>	<b>Single</b>	<b>Married</b>
1 to 4	16% (\$17,317)	20% (\$21,646)
5 to 9	32% (\$34,634)	40% (\$43,292)
10 to 15	40% (\$43,292)	50% (\$54,116)
16 to 19	48% (\$51,950)	60% (\$64,939)
20 or more	64% (\$69,268)	70% (\$75,762)

(calculated income values noted above are based on 2016 Median Income of \$108,231 times the % for each tier)

*(b) Income.*

For purposes of the senior tax freeze program, income includes adjusted gross income defined in the Internal Revenue Code, as amended, and tax exempt interest plus any other income not included in the federal adjusted gross income.

Income includes all monies received unless specifically exempted, and includes wages, bonuses, commissions, fees, self-employment net income, net social security income (Box 5 from SSA-1099), payment for jury duty, dividends and interest and annuities, IRA income to the extent that is taxable,

interest or proceeds from gifts, lottery winnings, net income from sale or rent of real or personal property, pensions, Veteran's pension and Veteran's disability payments, railroad retirement, severance pay; unemployment compensation, workers' compensation, alimony, and all other sources of income as defined by the Office of Policy and Management.

Specifically excluded are social security payments made on behalf of a dependent person, casualty loss reimbursements by insurance companies, gifts, bequests or inheritances (although interest or other income produced by a gift, bequest or inheritance must be included), grants for disaster relief, life insurance proceeds, and all other exempt sources of income as defined by the Office of Policy and Management.

*(3) Medical Expenses.* Medical expenses shall be excluded from income provided (i) those expenses cause the taxpayer's income to exceed the qualifying income in Section 2 (a); and (ii) the taxpayer has provided satisfactory proof to the Assessor, or designee, that the income was due to the need to pay medical expenses. The Assessor, or designee, shall then deduct from the most recent annual income the allowable amount of medical expenses reported as an itemized deduction up to the amount of reported medical expenses. The Assessor, or designee shall use this figure to determine the taxpayer's eligibility to participate in the program. In determining whether the income was due to the need to pay medical expenses, the Assessor, or designee shall require the taxpayer to submit the taxpayer's federal tax returns for the three years preceding the year for which the senior tax freeze benefit is being sought so that the Assessor, or designee may compare the taxpayer's income and medical expenses for the current year with the taxpayer's income and expenses for the three prior years.

For purposes of this section (3), the term "medical expenses" is defined as those medical expenses eligible to be claimed as deductions on Schedule A of Internal Revenue Form 1040. These expenses include, for example, nursing home expenses, but do not include medical expenses reimbursed or paid by an insurance company or other sources, whether the payments were made directly to the taxpayer, the patient or to the provider of the medical services.

*(4) Property Valuation Limits.*

(a) The assessed value of the property for which tax relief is sought shall not exceed 100% of the median home appraised value in Madison determined annually by the Madison Assessor.

(b) Property valuation will be determined only at the time of the taxpayer's initial application unless, in any subsequent year, substantial improvements are made to the property which increases the assessed value by more than 5%. Improvements made for the sole purpose of providing handicap accessibility shall not be considered in determining property valuation. The taxpayer shall provide such information as required by the Assessor in determining the necessity for the improvements related to handicap accessibility. In the event, the assessed value of the property exceeds the property valuation limits set forth in subsection (a) hereof, the tax relief provided hereunder shall terminate as provided in Section 15.

*(5) Decrease in Mill Rate; Reassessment; Revaluation.* If, as a result of a decrease in the mill rate or a revaluation or reassessment of the taxpayer's property, the regular tax levied against the taxpayer is lower than the tax freeze amount, the taxpayer will pay the lower tax amount.

*(6) Improvements to Property.* If a taxpayer makes improvements to the property resulting in an increase in such taxpayer's assessment, an amount calculated by multiplying the increase in the taxpayer's assessment attributable to the improvements by the mill rate in effect in the year such reassessment takes place shall be added to the tax freeze amount then applicable to obtain a revised tax freeze amount which will be the tax freeze amount for subsequent years.

*(7) Property held in joint ownership.* If a qualifying taxpayer owns the property jointly with a non-spouse, the tax freeze amount shall be proportionate to the qualifying taxpayer's interest in the property. If property is occupied as a multifamily dwelling, the qualified taxpayer shall receive the tax freeze amount on the portion of the property that is his/her legal domicile.

*(8) Life tenancy.* The applicant is entitled to tax relief, if he/she retains life tenancy (a.k.a. life use) in the property, as long as he/she is legally responsible for the payment of property taxes and meets all other eligibility requirements.

*(9) Property held in trust.* If title to the property for which tax relief is sought is held in trust for a taxpayer who would otherwise qualify for the senior tax freeze program, the tax relief may still be granted if the taxpayer is the primary beneficiary of the trust and the taxpayer meets all other eligibility requirements of the program. Under these circumstances, the application for relief shall be accompanied by a copy of the trust agreement. The trust agreement shall be reviewed and approved by Town Counsel prior to any relief being granted hereunder.

*(10) Limitation on Benefits.* The total amount of tax relief available under this senior tax freeze program and the property tax relief under §20-10, when combined with such property tax relief for which such taxpayer may be eligible in accordance with Sections 12-129b to 12-129d, inclusive, or 12-170aa of the Connecticut General Statutes, shall not exceed, in the aggregate, 75% of the property tax for which such taxpayer would be liable but for the benefits provided by the town and the state tax relief programs mentioned above. If the aggregate amount of such state and local benefits exceeds said 75% of taxes otherwise due, then the tax freeze amount available under the senior tax freeze program shall be reduced so as to be equal to the difference between the tax relief afforded by such state programs and 75% of the taxes laid against the taxpayer for such real property. If benefits received under the state programs exceed said 75% of the total taxes otherwise due, no tax benefit shall be available under the senior tax freeze program.

*(11) Coordination with other tax relief programs.* Taxpayers shall be eligible to apply for property tax relief under 20-10, the tax deferral and the senior tax freeze program provided however, the amount of property tax relief provided under § 20-10 will be netted against the tax freeze amount when the total of the two tax benefits is greater than the amount of the property tax relief under § 20-10.

For example, if the amount of property tax relief under §20-10 is \$490 and the tax freeze amount is \$600, the total tax benefit will be \$600 (\$490 tax abatement and \$110 tax freeze amount). If the amount

of property tax relief under § 20-10 is \$490 and the tax freeze amount is \$200, the total benefit will be \$490 (\$490 tax abatement and \$0 tax freeze amount).

*(12) Application procedure.*

(a) The taxpayer must first apply for the State of Connecticut Tax Credits for the Elderly and Totally Disabled Homeowner program, if eligible. The taxpayer must file a written application on the forms provided by the Assessor annually between February 1 and May 15 of the calendar year following the October 1<sup>st</sup> Grand List for which tax relief is sought. If the taxpayer purchased the property after the October 1<sup>st</sup> assessment date, he/she is not eligible to apply for the senior tax freeze program benefits until the next succeeding Grand List year.

(b) The taxpayer shall present a copy of his/her federal income tax return for the previous calendar year or, if income is under the required amount to file a tax return, the taxpayer must provide acceptable evidence of income to determine eligibility for the senior tax freeze program.

(c) The taxpayer shall provide an executed IRS Form 4506-T permitting the IRS to disclose to the Assessor, or designee, information from the taxpayer's filed tax returns or verification that the taxpayer has not filed a return.

(d) The taxpayer, or authorized representative, shall sign a sworn affidavit in the presence of the Assessor or designee, affirming the accuracy of the statements in the application.

(e) When the Assessor, or designee, determines that the taxpayer is entitled to tax relief under the senior tax freeze program, the Assessor, or designee, shall compute the tax freeze amount.

(f) All applications and documentation presented in support of the application for the senior tax freeze program shall not be open for public inspection and shall not be disclosed except in case of an appeal or in connection with claims of fraud to the proper authorities.

*(13) Right of Appeal.* Any taxpayer aggrieved by any decision of the Assessor, or designee, may appeal to a board of review consisting of the First Selectman, or designee, the Director of Finance, the Director of Senior Services and the Tax Collector will serve in an advisory role. The request for an appeal shall be made in writing and delivered to the Assessor within thirty (30) days of the date of written notification to the taxpayer of the decision.

*(14) Assessor's Report.* The Assessor shall provide the Board of Finance with a written report which shall include the number of participants in the senior tax freeze program and the total benefits provided. In addition, the Assessor shall provide the Board of Finance with a report on all appeals and dispositions of appeals filed under Section 12. Reports shall be provided to the Board of Finance prior to the Program Review under Section 18 hereof.

*(15) Death or Disqualification of Taxpayer; Conveyance of Property.* The tax freeze benefit shall terminate in accordance with the provisions of this Section upon the earlier to occur of (i) the conveyance of the property to a person other than a qualified spouse or a trust which qualifies under Section 9; (ii) the death of the taxpayer; or (iii) the taxpayer no longer meets the eligibility requirements in Section 1 hereof.

(a) In the event the death occurs prior to filing an annual application, unless the surviving spouse is otherwise qualified, the tax freeze benefit shall be removed as of October 1.

(b) In the event the property has been conveyed to a person other than a qualified spouse or trust which qualifies under Section 9, no further benefit shall be allowed. The tax freeze amount shall be prorated and the purchaser of the property shall pay the town a prorated share of the tax due for the tax year in which the conveyance took place.

(c) In the event the taxpayer no longer meets the eligibility requirements in Section 1 hereof the tax freeze benefit shall be removed as of October 1.

*(16) Amount of tax relief; Establishing Cap.* Annually at each January meeting, the Board of Finance shall establish a maximum amount, or cap, for the aggregate amount of tax benefits available under the senior tax freeze program and the property tax relief program provided under §20-10. The combined initial cap shall not exceed 1.00% of the previous year's total town and educational budgets. The Board of Finance shall review the percentage of the cap of the senior tax freeze program and shall set the dollar amount of the cap.

In consultation with town staff, as they deem appropriate, the Board of Finance shall determine whether the aggregate amount of benefits sought under this senior tax freeze program exceeds the dollar amount of the cap.

If the Board of Finance determines that the cap is exceeded, the Board may amend the cap if it determines that such amendment shall have no adverse effect on the town and educational budget. If the Board does not amend the cap, as allowed herein, or does not amend the cap to an amount sufficient to provide full benefits to those otherwise qualified to receive benefits under this senior tax freeze program, it shall direct the Assessor to prorate the benefits as provided in subparagraph (i).

(i) Proration of Benefits. Excess benefits over the cap shall be prorated as follows:

- a. Benefits will be paid out to those who qualify to receive funds under the property tax relief program provided under §20-10.
- b. Benefits will be paid out by tier with payment priority given to the lowest income tiers first.
- c. If there is insufficient funding to pay benefits under any given tier, the benefits will be paid out on a pro rata basis.
- d. Additional funds available after the property tax relief benefits provided under §20-10 have been paid will be allocated to the senior tax freeze program, based on a similar tier approach, with the lowest income tiers receiving priority. If there is insufficient funding to pay benefits under any given tier, the benefits will be paid out on a pro rata basis within that tier.

*(17) Effective Date.* The senior tax freeze program shall become effective with the October 2016 Grand List.

*(18) Program Review.* The Board of Finance shall establish a special committee to review the senior tax freeze program. The special committee shall be composed of five (5) members, two of whom shall be members of the Board of Finance.

(i) Upon the fifth anniversary of the Effective Date of the senior tax freeze program, the special committee shall be convened to review the program. The special committee shall consider public comments, shall report to the Board of Finance and the Board of Selectmen on the financial and programmatic effectiveness of the program, and shall make recommendations for any changes to the program or for its continuation.

(ii) Upon the yearly anniversary of the Effective Date of the senior tax freeze program, the special committee may, but is not required to, convene to review the program as provided in subsection (i) of this Section.

*(19) Discontinuance of Program.* If, upon the recommendation of the Board of Finance, this senior tax relief program is discontinued, all benefits received prior the date of termination shall remain in effect for those taxpayers determined eligible under Section 1 hereof.

*(20) Interpretation to be consistent with state tax relief programs.* The senior tax freeze program shall be interpreted and applied in a manner that complements and is consistent with existing state tax relief programs. The policies and interpretations adopted by the Office of Policy and Management in construing the state tax relief programs shall be utilized in interpreting and applying the provisions of this program.