



## TOWN OF MADISON

CONNECTICUT

06443-2563

**MEETING DATE:** Wednesday, January 13, 2016

**MEETING PLACE:** Senior Center, 29 Bradley Ave., Madison, CT

### **SUBJECT TO APPROVAL**

#### **Senior Tax Relief Committee**

Members Present: Craig Bernard (R), Herb Gram (D), Scott Gyllensten (D), Ron Hick (U), Peter Thomas (R)

Others Present: Austin Hall (Director of Senior Services), Alma Carroll (Tax Collector)

The subcommittee convened at approximately 7:08 p.m.

1) Public Comment.  
None.

2) Review and take action on prior meeting minutes.

Committee took a brief minute to review the minutes of January 6, 2016. The following items were noted:

Mr. Thomas asked that page numbers be included in all future minutes. He noted that on Page 1, last paragraph, the word "five" should be revised to "four," and that on Page 7, last sentence, Mr. Gram was not included as seconding the motion to adjourn the meeting.

Mr. Gyllensten stated that on Page 3 and Page 6, "129A" should be revised to "129N," and also stated on Page 5, first paragraph; the "0.75%" should be revised to "75 basis points."

Motion approved minutes at 7:17pm.

**MOVED:** by Mr. Herb Gram and seconded by Mr. Peter Thomas to approve the minutes of January 6, 2016 meeting.

**VOTE:** The motion was approved with five votes in favor.

3) Review:

(a) Agenda -

Mr. Gyllensten opened the meeting stating that the agenda would focus on going over different options available to the Town of Madison and the seniors, with a particular focus on the current Guilford statutes under their Tax Relief Program. The committee's focus during this meeting would be to review the Guilford Tax Relief Program structure and discuss whether or not the Town of Madison should model its Tax Relief Program the same, or if the need for revisions would be necessary. All committee members agreed that the agenda for the meeting would be to pull apart The Town of Guilford's Tax Relief Program statutes and begin to apply it to the Town of Madison and the needs of its senior citizens.

(b) Working Session –

Mr. Gyllensten began addressing the committee through a PowerPoint of the Guilford Tax Relief Statutes and stated the following: During the working session on Tuesday, January 12, 2016, the committee discussed whether it would make sense to revise the Abatement Program or consider other programs to determine the benefits provided by each program, more importantly to see which would be more favorable. After completion of the working session, it was agreed that a transition seemed to be more favorable than the current Abatement Program so after the working session on Tuesday, the committee did not have time to finalize the specifics, but we'd focus this meeting on the Guilford statute by reviewing and discussing each section separately.

(c) Guilford Statute Review –

Mr. Gyllensten begins by discussing § 247-24 *Eligibility requirements; age; disability; income; residency; participation in state programs; medical expenses* - Section B under the Guilford statutes where it reviews language regarding the town's adjusted gross income levels. He began discussing that if the committee chose to put any type of asset program in place, this above mentioned section would be a good referral point, particularly noting that Guilford does allow for exemptions for excessive medical expenses.

He then moved on to Section C under the same statute, where Guilford provides a tier income-based approach in order to qualify senior residents for

their tax relief program. Mr. Gyllensten then tells the committee that we need to decide if this tier-based approach would be the right method for the Town of Madison, or if it should be done completely different while taking into consideration whether or not revising the income levels may be necessary, and if so, what would those income levels be.

Mr. Gyllensten in addition to the above stated that median income levels were used in order to create the numbers provided under the Guilford statute. He mentioned that the other item discussed during the working session was “do we want to consider having some type of asset testing done with the understanding that it would be a difficult task.” If so, we would need to use the property assessment in order successfully complete the asset test. Guilford has not gone this route and currently offers both the Abatement Program and Tax Relief Program, but residents are required to choose one or the other – depending on which would provide the greatest benefit. Ms. Carroll added that Guilford also provides the Tax Referral Program to qualified residents.

Mr. Gyllensten then stated the suggestion would be to offer both, but with the idea that the resident would eventually receive their benefit from whichever program provided the highest amount of tax relief. Mr. Bernard then asked Mr. Gyllensten – the modeling of Guilford’s current program that you’ve provided to us, what numbers do they use?” Mr. Gyllensten replied to Mr. Bernard that he has done studies and realized that both Guilford and Madison have the same income qualification levels. Mr. Bernard – “so we’re just using assumptions on residents that are qualified on age correct?” Mr. Bernard – “yes, that is correct. With 80% of town we are able to do that and with 20% we don’t know because they aren’t registered under the Registrar of Voters, therefore we do not know their age.” Mr. Bernard to Mr. Gyllensten – “we want to set a level of the asset test, is it better to state a specific number in the ordinance or a percentage?” Mr. Bernard – “definitely a percentage.” We would need to compile a median household income in order to provide these percentages. Mr. Bernard then asked Mr. Gyllensten how often the committee would relook at the target, with which Mr. Gyllensten recommended looking at the target when the individual initially applies for the program and then probably wouldn’t consider looking at it again after that in fear that adjustments would leave some residents unqualified that were previously deemed qualified.

Mr. Gyllensten then referred back to the Guilford statutes, *§ 247-24 Eligibility requirements; age; disability; income; residency; participation in state programs; medical expenses*, Section G –

“If property is held in trust for a person who would otherwise qualify for the elderly tax relief program, the tax relief may still be granted if the claimant is the primary beneficiary of the trust and the claimant meets all other requirements under this 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 to the claimant.”

Mr. Gyllensten stated that Guilford looks at the eventuality sitting in a trust and what Guilford has basically stated is that it has to be a qualified trust of the person living in the home, so that's another decision the committee has to make. We do have some dates on whether properties are owned by trust, but at this time can only look that information up using key words such trust or trustee, so it could limit our findings.

Mr. Thomas questioned Mr. Gyllensten's comments with "the trusts with in this area are we able to say there is a maximum value in the trust?" For example if we are trying to leave the asset level at \$500K, if people are trying to set up a trust and they're in success of \$750K, would they be able to participate? Mr. Gyllensten recommended that we not encourage this idea. Mr. Thomas then stated the problem with this is it gets tricky with a trust because you have to check the trust documents and verify them, and I don't necessarily agree. Individuals obtain trusts for several different reasons – to keep information private, or for those who are not willing to manage their own financial affairs etc. Mr. Gyllensten agreed with everything said, but did state that's a decision the committee would have to make. Guilford doesn't verify trusts, but residents are required to provide a copy of the trust and then have it reviewed by the town council.

Mr. Bernard then asked Mrs. Carroll about her feelings on the previous statements made regarding the trusts. Mrs. Carroll stated that with the current program we have allowed people with trusts to participate and it does have to be reviewed by town council as in Guilford. Right now we do have a substantial amount of properties in town that have trusts. She estimated between 10-15% but wanted to confirm that number tomorrow.

Mr. Gyllensten that stated if we're talking 50-60 trusts to review that's a lot of work. Through the Abatement program they are already required to do that so he'd made the assumption that this entire issue may already be covered under the Abatement Program. Furthermore, he suggested that if an individual is already qualified and in the Abatement Program he/she would have already proven the trust and may not have to do it again for the Tax Relief Program so maybe the best solution would be to only have new applicants follow the necessary steps to prove a trust. Mr. Bernard then stated would it be best to require that every individual apply for the Abatement Program to ensure all trusts are initially reviewed by town council? Mrs. Carroll stated that she would look at list tomorrow to get a better idea.

Mr. Gyllensten referred back to the Guilford statutes, *§ 247-24 Eligibility requirements; age; disability; income; residency; participation in state programs; medical expenses*, Section H –

"If a participant in the program has incurred income due to the need to pay medical expenses reported on Schedule A of Internal Revenue Form 1040; that income causes the participant's income to exceed the participant's prior year's income by at

least 10 %; and that income would otherwise disqualify the participant from continued participation in the program, then upon satisfactory proof to the assessor that the income was due to the need to pay medical expenses, the assessor shall deduct from the most recent annual income the amount of medical expenses reported to the Internal Revenue Service on Schedule A of Form 1040 as an itemized deduction up to the amount of reported medical expenses.”

No one from the committee had any further comments or concerns to add regarding the above section.

Mr. Gyllensten referred back to the Guilford statutes, § 247-26 *Termination of relief* – in short, if the resident passes away, the benefit would NOT automatically carry on to the estate. No one from the committee had any further comments or concerns to add regarding the above section.

Mr. Gyllensten referred back to the Guilford statutes, § 247-27 *Establishing cap and annual review* –

“At each January meeting, 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 be less than 1/2 of 1% of the previous year's total Town and educational budgets. The Board of Finance shall review the percentage of the cap of the elderly tax relief program for the purpose of determining suitability and shall at the same time set the dollar amount of the cap.”

Mr. Gyllensten summarized the above statute by stating that if the total cap which is set at 100 basis points by the Board of Finance is reached and then at some point exceeded, the Guilford statute suggests the cap may be breached and the Board of Finance would then discuss how/if the percentage cap should be increased. In addition, if the cap were to be reached and/or exceeded the Abatement Program would be paid before the Tax Relief Program, which would make sense because the Abatement Program is generally qualified for first.

Mr. Gyllensten referred back to the Guilford statutes, § 247-28 *Limitation on benefits* – he highlighted that Guilford will not allow an individual to combine both tax relief programs, and Mr. Bernard followed with one would have to be eligible for the program that benefits him/her the most. Mr. Gyllensten continued with the state benefit would be first and then the town benefit which when added together can't equal more than 75%. This language doesn't take into consideration the Referral Program. Mr. Thomas added that this language wouldn't work if we intended to go up 100% because it wouldn't cover the deferral. Mrs. Carroll then stated that this is a state statute which says if someone receives a state benefit, town benefit, housing benefit, etc., they must be responsible for 25% of their taxes. Mr. Thomas then added that he wants to ensure this language is clear when they put the final language together. In addition, both Mr. Thomas and Mr. Bernard suggested adding to Guilford's language with something that states “this excludes what benefits might be available to the individual under the Tax Deferral Program.”

Mr. Gyllensten referred back to the Guilford statutes, § 247-31 *Right of appeal* – where he summarized by simply stating Guilford offers the right to appeal if a resident is unhappy with a decision made regarding their tax benefits. Guilford also offers the right to appeal if resident isn't happy with decisions. Mrs. Carroll then added that currently in Madison, the First Selectman, Board of Finance, Director of Senior Services, and herself (the Tax Collector), are responsible for conducting appeals.

Mr. Thomas then asked Mr. Gyllensten - are we going to work with Floyd Dugas when we're integrating changes? Mr. Gyllensten replied that it would make sense for the committee to meet with Mr. Dugas so he can make recommendations of what we can't do under statute.

Mr. Thomas then asked Mr. Hall – did we hear anything more from Art Sickle (Director of IT) about the access file that would be posted on the Madison website? Mr. Hall replied – I was told that we would run into town internal “fire wall” issues, but we can post anything we want on the town website, under “Senior Tax Relief.” Mr. Thomas said that's great as he wants the Madison residents to have access to all the documents/information the committee has collected so everyone understands where information is being pulled from – this includes the Guilford program information, Durham programs, Middletown programs, etc.

Referring back to the Guilford statute Mr. Bernard asked Mr. Gyllensten, when individuals choose to apply, does it state somewhere within the Guilford statutes that they are given a choice regarding which program to apply for and if so, how is it worded to show who is responsible for ensuring the individual applies for the benefit that will be most favorable? Mr. Gyllensten referred to the PowerPoint and replied with, the individual is responsible, and Mr. Hall added that the Madison Senior Center currently goes through both state and local avenues to see what the benefits would be and compare.

Mr. Bernard then confirmed with Mr. Hall that he would be comfortable doing both in order to ensure each resident received the best benefits, and then layer on the deferral program to get the highest benefit possible for the resident. With that said, knowing that the application process is open from February 1<sup>st</sup> - May 15<sup>th</sup>, and the budget isn't generally passed until after May 15<sup>th</sup>. Mr. Thomas suggested that we give the resident an approximation of their benefits based on what the current mill rate is, and then provide a more accurate number once the new mill rate is released which would be around July 1<sup>st</sup> of each year. Mrs. Carroll agreed with this statement.

Going back to the § 247-24 *Eligibility requirements; age; disability; income; residency; participation in state programs; medical expenses*, Section G – Mr. Bernard stressed that the income bands need to be looked at in order to understand the advantages and/or disadvantages to coordinating or not coordinating tiers and the Abatement program. Mr. Gyllensten stated to Mr. Bernard that if we intend to use the ‘Years of Residency’ as Guilford currently

does, it will affect the income levels. Both Mr. Gyllensten and Mr. Bernard agreed they both favor the 'Years of Residency' tier idea.

Mr. Gyllensten then asked the committee – “where are we comfortable with the median being? Do we want to go higher or lower than Guilford?” Mr. Bernard replied that the Abatement Program is based on the household income levels, where Tax Relief is based on either single or married income levels. Mr. Thomas added that this is done in order to look at each individual within the home rather than viewing the household as one, in short, Guilford uses this tier in order to look at this as an individual return rather than a household return.

Mr. Bernard then asked Mr. Gyllensten his opinion on the current income levels set by the Town of Guilford. He replied that he would feel more comfortable looking at the median income levels and Mr. Bernard replied back that he was not comfortable with these levels as he felt this program should benefit those with the greatest need. Both Mr. Gyllensten and Mr. Thomas agreed that 80% of the median would ultimately create about a \$15K difference, so \$80K was suggested as the income level to be set and all committee members agreed. Mr. Thomas concluded that this amount would also show the Board of Finance that the committee’s intent was to be cautious.

Mr. Gyllensten also stated that some folks have stated to him in the past that they feel some distributions from IRA accounts should not be accounted as income towards this program. Mr. Bernard expressed he felt the same and Mr. Thomas also agreed it should not be part of their income as these IRA’s have never been taxed before and they might not realize that the IRA has not been taxed.

Guilford Years of Residency/Income Levels –

<b>Years of Residence (years)</b>	<b>Income</b>	
	<b>Single</b>	<b>Married</b>
1 to 4	\$29,600	\$36,000
5 to 8	\$44,500	\$54,000
9 to 20	\$62,500	\$75,000
20 or more	\$79,000	\$95,000

Mr. Hick felt comfortable with the tiers Guilford uses and expressed that it looked great. Mr. Gram also felt that the bans Guilford set are within reason and would be a good fit for Madison. Mr. Thomas absolutely agreed with Guilford’s tiers as well and felt it would stagger the impact over the years which would provide an ample period to adjust in order to correct ourselves if needed.

Madison **Suggested** Years of Residency/Income Levels –

<b>Years of Residence (years)</b>	<b>Percentage Married*</b>
1 to 4	20%
5 to 8	40%
9 to 20	60%
20 or more	80%

**\*Single status would be a differential of 20%.**

Mr. Bernard asked the committee if anyone knew how often the CERC (CT Economic Resource Center) numbers were adjusted and Mr. Thomas replied that he thought it happened during the census, so every 2-4 years. Mr. Thomas can get that language if the committee wanted it. Mrs. Carroll did state that they have to use the current HUD regulations at which time Mr. Thomas recommended we continue to use and asked Mrs. Carroll to get the specific HUD numbers in order to create factual percentages. Mr. Thomas requested that Mrs. Carroll also obtain the median household figures.

Mr. Bernard then stated once the numbers are all in place, it would then only be a matter of ‘dropping’ down the formulas on the application - asset tests, income levels, trust questions, coordination of programs, etc. would all be included on the form. He showed concern with regards to “Termination of Benefits” – if a beneficiary passes away, how do we get notification of that? How do you know that is with a trust?” Mr. Thomas stated we would need to set criteria with the person who has the trust; they’ll have to apply and see if they qualify under the program.

With that, all committee members suggested/recommended that this system be updated and applicants be required to re-apply on a yearly basis.

(d) Marketing the Program –

Mr. Gram then wanted to discuss the “marketing” aspect of this program, more so, confirmation that this program is being made available wherever possible and that every single senior in the Town of Madison is aware of the program and what it offers. He specifically directed these concerns towards Mr. Hall, the Director of Senior Services. Mr. Hall told Mr. Gram that whenever a senior comes into the Senior Center for ANY program, they are always made aware of the tax relief program, but in conjunction with word of mouth, the senior center posts information in their newsletter and on the Town of Madison website under Senior Services tab. With that said, Mr. Hall wanted everyone to know there will always be individuals who simply choose not to partake in the programs offered for any number of reasons. In addition, anytime a senior resident visits the center to ask questions, the senior center provides them with information on the

programs as well. He also stated that beginning next week, every Tuesday for the next ten weeks, AARP will be coming in to help seniors with their taxes and these representatives are instructed to pass along information regarding the tax relief program.

Mrs. Carroll stated that her office provides a letter to every person who gets their tax bills every year that states when the filing period is, who they can contact, and the benefits that are available.

Mr. Gram suggested publishing it out of the MPOA (Madison Property Owners Association), with all agreeing and then Mr. Gyllensten also suggested passing out flyers at the food shelters. Mr. Hicks recommended passing out flyers with the Madison Community Services when they pass out food.

Mr. Thomas then asked Mr. Hall “do you feel having the senior center here has increased the contributions to town programs because since this building opened?” Mr. Hall replied with “absolutely.” The population of seniors we have coming through this center is around 1,300, but we have about 2,800 seniors in town, so there is still more who aren’t utilizing the center.

After a few minutes of discussion, Mr. Bernard, Mr. Gyllensten and Mr. Thomas all felt it would be a good idea to check with Mr. Dugas to ensure the wording regarding either Tax Freeze or Tax Relief doesn’t violate any of the statutes but still encompasses all three available programs - Abatement, Tax Freeze, and the Referral Program.

(e) Agenda for next Meeting –

Mr. Thomas asked the committee what the vision/agenda should be for next week’s meeting. Mr. Bernard stated that we need to definitely discuss the cap in order to suggest a number for the combine cap with the Abatement Program and Tax Relief Program which will ultimately need to be presented at the Board of Finance meeting. Mr. Gram suggested the committee include to the Board of Finance recommendations of where to set the tax freeze. Mr. Bernard stated, if we follow the current Guilford model, it would be an annual recommendation which is just for the tax program, not the Abatement Program and can’t be lower than 50 basis points, but would ultimately be set by Board of Finance, and every year Board of Finance has set the cap at 100 basis points. This is part of the budget each year.

To elaborate on discussion yesterday that Mr. Gram wasn’t part of Mr. Thomas wanted to express his concern that there’s an expectation that the programming be there for people and that the program be consistent in order for residents to stay in these programs. Mr. Gyllensten stated the Guilford model showed 6-7 years out, with 125 basis points being necessary according to the utilization of the program. The other factor to be considered was that the utilization wasn’t the same as the model factor. Mr. Thomas reiterated that he won’t be agreeing to these 125 basis points as he has reviewed other government programs and it

has become a burden. He is not suggesting that the other committee members are wrong, but isn't comfortable going anything above 100 basis points as it's necessary to consider factors of forecasting, factors of funding, organizations that are moving out of state, etc.

In conclusion, Mr. Thomas confirmed with everyone that the next Board of Selectmen meeting is scheduled for January 25, 2015 and the committee intends to present their draft outline/presentation, and then be ready to present their proposal to the Board of Finance on February 8, 2015. If an additional meeting is needed after the proposal is presented to the Board of Selectmen, we'll look at scheduling something for the first week in February.

## 7. Public Comment.

Ms. Nancy Tillberg (Madison resident) - Felt the concept of these income levels is going to deteriorate rapidly as people are going to be getting pensions, or people who use IRA or ROTH, who don't have to report that income that will be well capable of paying for taxes and may qualify for these programs even if they shouldn't.

Mr. Thomas replied that in general we've considered the number of people that could exploit this program and suggested that we leave open an amendment to take into consideration any potential abuse of the program that may be seen over the next several years, which is why he recommended the the asset tests. Mr. Gyllensten reassured the resident that at any time this would be an ordinance the Board of Selectmen could change as needed should there be a the need. Mr. Thomas added that we're doing a 2-prong test in order to have a 2-layer part of this - the Abatement Program and the cap. We're trying to build the structure around the need first, and then add the tax freeze, and then if the individual qualifies, the deferral.

Mr. Bernard also expressed that the committee has been trying to address a lot of comments/concerns that have been made with "what about the individual who inherited the house and they can't meet the payments?"

Ms. Nancy Tillberg (Madison resident) – The issue she has seen is for example - you take an asset that is relatively high and over a time this person can't afford to be there, the value of the home goes down because the person can't afford to keep a house of that level isn't going to help anyone.

Mr. Thomas replied with - we have a very diverse array of assets in town, which is why we're conducting these asset tests because it helps to discuss the utilization of the program. We honestly haven't felt that we're going to be taken advantage of. Ms. Tillberg felt that might change when people don't have pensions anymore and need to start dipping into their personal savings. Mr. Thomas then replied that if

the committee finds the program is being over utilized, necessary adjustments can be made as time goes on. Right now, we just need to focus on the structure.

Mr. Thomas then suggested that the committee members begin writing down items during next week's meeting in order to create a draft outline. Mr. Bernard agreed and then asked the committee if they could all look at the calendar to solidify meetings for the rest of January as the report is due February 1, 2016.

Mr. Thomas then asked Mr. Bernard – “where do you feel the committee is at this point and what are you comfortable recommending we focus our next two meetings on?” Mr. Bernard replied with – let's focus on maintaining the Deferral Program and its use, maintaining the Abatement Program and its use, while continuing to recommend the Tax Freeze Program, recommending a cap of 125 basis points, and if we're going to have to two programs we want something that will have the least potential to have the cap run at least 2-3 years. I think the changes we are making are more beneficial than what the Town of Guilford has done by taking into consideration that the neediest are getting the benefit and so far, everything we've discussed is meeting that goal. Mr. Thomas addressed the committee by stating Mr. Bernard just framed what our presentation to the Board of Finance should be now we just have to build it in order to present it in a document report and then a PowerPoint. Mr. Bernard stated that it's important the committee show the differences between the Guilford Tax Relief Program and our recommended Tax Relief Program. So with that said, our next meeting should focus on an outline of modeling, discussing, and a consensus of our program. All present agreed with this statement

## 8. Adjourn

There being no objection, the meeting adjourned at 9:09 p.m. by Peter Thomas and seconded by Herb Gram.