



TOWN OF MADISON

CONNECTICUT

06443-2563

MEETING DATE: Wednesday, January 27, 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: Tom Banisch (First Selectmen), Joan Walker (Board of Selectmen), Bruce Wilson (Board of Selectmen), Stacy Nobitz (Director of Finance), Austin Hall (Director of Senior Services), Alma Carroll (Tax Collector), Orietta Nucolo (Town Assessor)

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

1) Public Comment.
None.

2) Review and take action on prior meeting minutes.

Mr. Gram opened meeting with agenda to approve minutes from January 20, 2016 meeting.

Motion approved minutes at 7:09pm.

MOVED: by Herb Gram and seconded by Craig Bernard to approve the minutes of January 20, 2016 meeting.

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

3) Review:

a) Agenda -

Mr. Herb Gram began recapping what the committee has completed/discussed over the last four weeks for all in attendance and what the committee's intended proposal will be when they present to the Board of Selectmen and Board of Finance. He addressed the committee's concerns with hoping to get their goal accomplished within the timeframe and addressed that potentially the deadline be extended if needed, but only if the Board of Finance felt more time should be given.

Mr. Gram - We're adding to the current Abatement Program in town by creating a Tax Relief Program which would allow seniors the ability to look at their taxes and review their "nest egg" to get a better handle on whether or not the resident could afford to stay in the house with the help of the Tax Relief Program. He stated there are advantages and disadvantages – one of the key advantages of the Tax Relief Program would be to effectively encourage seniors to stay in town, more significantly, it would create a sense of security that seniors can rely on. In addition, so long as the seniors stay in their homes, he assured the committee and all in attendance that school aged children would not be raised or "added" in the home, so the burden of seniors potentially costing the town more would not exist, which he considered to be a plus.

Mr. Gram then ended with asking if anyone in attendance had any questions regarding what the committee had completed thus far.

Mr. Gyllensten suggested that Mr. Bernard present his outline first, and then if anyone present had questions the committee could address them as needed.

Mr. Bernard – He referred to his outline as a "rough draft" which he hoped to be a consensus of the committee and what has been asked of them. He then continued with "we were asked to look at the need in town, and as best as possible we have tried to match the need with the budget and be financially responsible, keeping in mind the limited time frame we had to accomplish this." We were asked to look at the town's existing programs. The Tax Deferral program allows 100% tax deferral; however, it cannot exceed \$8,000 in any one tax year. This figure can be modified by the Board of Finance. The cons of this program are limited participation and to be eligible, applicants' mortgages, home equity, etc. cannot exceed the assessed value of their homes.

Mr. Banisch then asked if this program is actually used and the committee replied with "yes."

Mr. Thomas – We initially found out how the application process works in order to get the senior residents into these programs and how the qualifications were established. Currently the authority is 70 basis points, but we found out we are only utilizing 50 basis points, so one of our goals was to expand the utilization. So we learned that making people more aware of these programs was necessary. We then went through the process ourselves in order to assess where we started from to decide whether it would be best to complement the existing programs or replace the programs and create something new.

Mr. Bernard – The Abatement program allows any person who owns and occupies property in the Town of Madison as a primary residence the potential to a tax relief for the elderly and totally disabled if the individual met the qualifications as set by the program. What is the amount of tax relief?

- Qualifying resident of between one and four consecutive years with income up to \$63,660 may be eligible for \$10,000 in tax relief.
- Qualifying resident of five or more consecutive years may be eligible for tax relief as follows:

Income	Tax Relief
\$18,778 and under	\$1,269 (40)
\$18,779 - \$38,199	\$1,032 (160)
\$38,200 - \$50,931	\$761 (101)
\$50,932 - \$63,660	\$490 (83)

Mr. Bernard also included in this section of the outline some of the dialogue the committee has discussed. Individuals must complete the application for the State’s Elderly and Totally Disabled Homeowners tax credit program. Applicants who would qualify for the state program or any other state tax relief program must apply for those programs prior to seeking local property tax deferral.

Mr. Thomas – The resident would get the benefit of both programs, but if one program was greater than the other, he/she would qualify for that the program would the greatest benefit to avoid the “either/or” scenario.

Mr. Gyllensten – Keep in mind, the “tax freeze year” would be the year the resident starts the program so the resident can get the most benefit available from the programs.

Mr. Bernard then asked Mr. Gyllensten – Do we someday discontinue the Abatement Program? Mr. Gyllensten – No because we will always have new residents entering the program, so the need will always be there.

Mr. Thomas – If at some point we reach or exceed the cap, priority would be given to those in the Abatement Program first and then proceeding behind it would be the Tax Relief Program, and then the Tax Deferral Program would jump in last.

Mr. Bernard – We used the Town of Guilford's Tax Relief Program as our starting point, being that their demographics are very similar to ours, and they have many years' experience working with the plan so it helped us to structure our program. We went through their program and figured out what, if anything, we would want to tweak on our end to ensure our ultimate program fit the specific needs of the Madison seniors. For one, we chose to include an Asset test which addresses families that receive inheritances, or houses on the shore where the markets are very high, but the family doesn't have the means to afford the home. This is something we are doing that Guilford does not.

Mr. Gyllensten – We are using the property value itself. There would be a cap on the property value...ballpark median house price in Madison is about \$500,000 and to enroll in the program you have to be under or within the median.

Mr. Thomas – We wanted to keep the asset test as simple as possible for the Assessor's office in order to say "you qualify or don't qualify." It was important that we avoided making the process complicated.

The question was then asked by Mr. Banisch and Mr. Walker – what happens for those who install handicap ramps or elevators in their homes? That would affect the overall value of the home. He then suggested that the committee include verbiage in the ordinance that excludes handicap accommodations, the committee agreed that was a good idea.

Mr. Gyllensten – He did add in that the committee also included verbiage that would exclude medical expenses.

Mr. Bernard – The committee then looked at expanding the income bands, which meant expanding the current Abatement levels which is currently at \$63,000. Guilford has a 4-tier residency requirement and we are creating a 5-tier years of residency requirement.

Mr. Bernard - So essentially at this time, we want to make a recommendation of 125 basis points based on the previous projections with the idea being that we do not hit the cap levels too soon. Mr. Gyllensten is now going to take over to show what everyone what we have done to tweak our numbers.

Mr. Thomas – The assumption with what Mr. Gyllensten is going to discuss is that we combined the Abatement Program and the Tax Relief Program.

Mr. Gyllensten – He began discussing the difference between appraised value vs. assessed value using the population, percentage and cumulative percentages for the Town of Madison.

Mr. Thomas – In the modeling we were trying to get the amount percentage wise of how many seniors we could benefit.

Mr. Gyllensten – Began discussing the length of residency (age 65 and over)

Length of Residency (Age 65 and over)	Population	Percentage	Cumulative %
5 year	83	4%	4%
10-15 yrs.	476	25%	30%
15-25 yrs.	355	19%	49%
25-35 yrs.	345	18%	67%
35-40 yrs.	353	19%	86%
40+ yrs.	258	14%	100%

Mr. Thomas – Presented a question “how many people would be affected by the change in the band, from \$64K to \$86K?” Mr. Gyllensten – It would be a difference of about 6%. Mr. Thomas – So this is addressing whether or not the people who are in most need are getting the need. The few hundred dollar differential for the higher end might not make a real difference for people to stay in town, but giving that few extra hundred to those in the lower bracket, it could make more of a difference and allow a greater benefit to those who are in most need.

Mr. Gyllensten – We would go from about a 40% participation rate in Guilford to a 30% participation rate in Madison by using more conservative methods. In short, we could potentially increase our current utilization rate of 12% to 30% utilization the Town of Madison. So currently the Abatement Program is funded at 70 basis points with a cap of 100 basis points, but he suggested that it be funded at 125 basis points as the cap.

Mr. Bernard – So at this point the committee would like to get some feedback from the First Selectmen on what should be addressed, what direction should we be taken, if any and if there are any other comments he would like to add.

Mr. Banisch – My concern is if we went back to what Connecticut used to be like, there may be a lot of people who would no longer be eligible for this program.

Mr. Bernard – It would make sense to create the income bands and then leave room for improvement when needed. He brought up the 5-tier ‘Years of Residency’ spreadsheet:

Senior Tax Freeze

Years of Residency	Married		Single	
20+ yrs.	80%	\$86,584.80	64%	\$69,267.84
15 – 20 yrs.	60%	\$64,938.60	48%	\$51,950.80
10 – 15 yrs.	50%	\$54,115.50	40%	\$43,292.92
5 – 9 yrs.	40%	\$43,292.40	32%	\$34,633.92
1 – 4 yrs.	20%	\$21,646.20	16%	\$17,316.96

Abatement Program

Abatement Benefit	Proposed		Current
\$490.00	60%	\$64,237.20	\$63,660.00
\$761.00	50%	\$53,531.00	\$50,931.00
\$1,032.00	40%	\$42,824.80	\$38,199.00
\$1,269.00	20%	\$21,412.40	\$18,778.00

Mrs. Walker – If someone decides to conduct a full renovation on their house, how is the Assessor’s office is going to know that? What if a couple were empty nesters, and then their kids moved in, the daughter is not paying rent but has income, what happens then?

Mr. Gyllensten – That scenario could happen, but we believe it would be a very small percentage, so while we put together a good program, it’s not 100% fool proof. We did talk about whether or not we wanted to do a joint income, or include income of others that may be living in the home and frankly we don’t argue with the idea of including everyone’s income that resides within the home, but I think it would be very difficult to keep track of that.

Mr. Thomas – It is important that we avoid dwelling on the idea of creating a “perfect” program due to our deadline, but please keep in mind that this program can always be revised as new needs are brought to light.

Mr. Gyllensten – He agreed with the above statement made my Mr. Thomas. If we find there are people living in the home and not being recorded to become an issue, we can always revise the ordinance if needed.

Mr. Gyllensten – When discussing the cap....100 basis points vs. 125 basis points, I feel 125 basis points is the right number.

Mr. Banisch – Expressed that it seemed better to start off more cautious at 100 basis points and Mrs. Nobitz agreed. After discussion, all committee members felt starting at the 100 basis points would be a good point to start at, with Mr. Gyllensten reminding everyone that by the year 2027, it would have to be increased to 125 basis points.

Mrs. Nobitz and Mrs. Walker both stated that this should be watched each year during the budget in order to study the utilization rate and make adjustments if needed.

Mrs. Walker – Is it currently a state statute that we allow applications up to May 15th? Mrs. Carroll replied yes.

Mr. Hall – So this program cannot be implemented this year correct? All in attendance replied with “correct.” This would be for next year (2017-2018).

Mr. Thomas – It would make sense to make all the deadlines for applications, etc. the same timeline as with the state statute to make the process run as smoothly as possible.

Mr. Hick – What about some people like myself that don't qualify for this program. He has reported incomes in particular years where he made \$100,000 and did not need the benefit and then other years that he reported a significant decrease in income and would have liked to qualify. How does the committee intend to address that?

Mr. Gyllensten – At the end of the day, we unfortunately can't have every single person qualify for the program. The goal is to help the guy who consistently has low income and continuously struggles and needs the help.

Mr. Gyllensten – The goal is to change the current 70 basis point cap to 100 basis points. Mr. Bernard – He wants to ensure sure that we do not exceed the cap or get to close to exceeding it and everyone present agreed. He does not want the seniors to get used to a particular yearly benefit and then suddenly one year they get a substantial decrease in their benefit and eventually no longer rely on the program.

Mrs. Walker – She stressed the idea of making this program part of the Board of Selectmen's annual review, so every year the board discusses whether or not the 100 basis points should be revised. The significance to reviewing this program yearly is to make sure the program does not drop off the radar and that we continue to monitor the utilization levels over the next 5-7 years.

Mr. Gyllensten – So to take a second look at the Senior Tax Relief vs Abatement Program, we need to review both programs to better understand when the resident would be better off in either program depending on the year. Year 1 almost 100% would be better off in Abatement program, but by Year 7, most will be better off in the Senior Tax Relief Program. Residents will always paid under the Abatement Program first, then the Tax Relief Program, then and then the Deferral Program.

Mrs. Walker – Just to clarify, the freeze year starts the year you the resident enters the program correct? Mr. Gyllensten – yes, that is correct.

With that said Scott wrapped up his presentation and stated that unless there were further questions or concerns, the rest of the meeting would consist of a regroup with the committee members to discuss next week's meeting to finalize the presentation for the Board of Finance.

Tom Banisch (First Selectmen), Joan Walker (Board of Selectmen), Bruce Wilson (Board of Selectmen), Stacy Nobitz (Director of Finance), and Orietta Nucolo (Town Assessor) left the meeting with no further questions/concerns.

Mr. Thomas to the committee – Are we going to make the next meeting to formalize the presentation? Mr. Gyllensten – yes if we can make even just 15 minutes of working session to nail this down.

Mr. Gram – If no one else has any questions/concerns we can finalize this meeting.

Mr. Gyllensten – If we meet for about 2 hours next week we can put together the final presentation.

Mr. Bernard – What are we all doing for the next meeting? Mr. Gyllensten – Craig, you work on enhancing your word document and refining it, and I will include and refine sections of my presentation regarding the numbers.

All committee members agreed the next meeting will take place Wednesday, February 3, 2016.

7. Public Comment.

None.

8. Adjourn

There being no objection, the meeting adjourned at 9:16 p.m. by Peter Thomas and seconded by Herb Gram.