



## **Town Meetings / Public Hearings / Workshops**

Wednesday, November 15, 2023, 6:00 PM

Town Campus, Hammonasset Room and Remote via Zoom

## **AGENDA**

### **VIRTUAL MEETING INFORMATION**

[Join Zoom](#)

**Webinar ID:** 886 0047 3151 **Passcode:** 534218

### **LEGAL NOTICE**

The legal voters of the Town of Madison are hereby warned and notified that the Board of Selectmen will conduct a Public Hearing on Wednesday, November 15, 2023 at 6:00 p.m. in the Hammonasset Room at Madison Town Campus, 8 Campus Drive and via Zoom for the purpose of:

- a. Reviewing the draft proposed revisions to the Local Tax Abatement & Freeze Program for Certain Elderly and/or Totally Disabled Homeowners

To view the proposed ordinance and supporting documentation, please click "**Agenda Packet**" to the left of this screen.



The Town of Madison does not discriminate on the basis of disability, and the meeting facilities are ADA accessible. Individuals who need assistance are invited to make their needs known by contacting Debra Ferrante at 203.245.5644 or by email to [ferranted@madisonct.org](mailto:ferranted@madisonct.org) at least five (5) business days prior to the meeting.

**Sec. 20-xx Local Tax Abatement & Freeze Program for Certain Elderly and/or Totally Disabled Homeowners**

Pursuant to the authority granted by C.G.S. §12-129n, as amended, for tax relief for elderly and/or totally disabled homeowners provided under said statute, and

It is hereby recommended as follows:

**1. QUALIFICATIONS FOR THE LOCAL TAX ABATEMENT & FREEZE PROGRAM FOR CERTAIN ELDERLY AND/OR TOTALLY DISABLED HOMEOWNERS HEREBY KNOWN AS LOCAL TAX RELIEF BENEFIT.**

- a. Certain homeowners who own property in the Town of Madison and who occupy such residence as their principal residence, or who have held property in trust and have occupied such property by such resident(s) as their principal residence as of October 1st of the previous year, and have been taxpayers of The Town of Madison for one year immediately preceding their receipt of local tax benefits on the real property for which the relief is claimed and must be the legal domicile of such person.
- b. Applicant must meet the age or permanent total disability qualification by the end of the previous calendar year; (1) The property owner or spouse living with them must be sixty-five (65) years of age or over, or (2) surviving spouse of a previously qualifying tax payer, must be fifty (50) years of age or over, at the time of their death. If the surviving spouse remarries, they must requalify, or (3) a person under age sixty-five (65) and eligible to receive disability benefits pursuant to C.G.S. 12-129n & 12-170aa(b);
- c. Such person must occupy the property 6 months and one day out of the calendar year for a total of one hundred and eighty-one (181) days of each calendar year. This must be the applicant's primary residence, and the applicant must not be receiving tax relief benefits in any other jurisdiction or State. In the event that the property owner is absent from the property due to health concerns, the taxpayer must have an abiding intent to return to the property within two (2) years in order for that taxpayer to remain eligible for this tax relief program. If the homeowner is in a nursing home on a permanent basis and there is a spouse living in the home who is fifty (50) years of age or older, and who meets all other qualifications, the owner's tax relief may continue.
- d. This tax relief program can be used in conjunction with the Tax Deferral Program.

**2. PROPERTY HELD IN JOINT OWNERSHIP.**

- a. Joint ownership. If a qualifying taxpayer owns the property jointly with a non-spouse, tax relief under this program will be proportionate to the qualifying tax payer's interest in the property.
- b. Life tenancy. Applicant must own the property for which tax relief is sought; or must hold a tenancy for life use or for a term of years in such property, which tenancy make them liable for the payment of property taxes under C.G.S. 12-48 or they must share in such ownership in all cases, the property must be the applicant's principal residence. Such ownership, which must constitute the claimant's principal or legal residence, must have been effective on or before October 1st of the current assessment year.
- c. Subject to the foregoing qualifications, eligible properties with four (4) residential units or less will receive the full credit based on the assessed value of the entire residential property. Eligible properties with more than five (5) units will receive a prorated credit for residential units only, should an eligible property include commercial, the credit shall

be prorated to the residential portion only.

**3. PROPERTY HELD IN TRUST.**

The applicant is entitled to a tax benefit as long as they are legally responsible for the payment of property taxes and meet all other program requirements. Trust agreements must be reviewed on an individual basis by the Town Attorney, in order to determine that the trust agreement is in conformance with the provisions of C.G.S. 12-48 before the Assessor can certify a claim for elderly tax relief. Once a complete copy of the trust is reviewed by the Town Attorney, the applicant must sign an affidavit in subsequent years verifying no changes have been made to the trust. If changes have been made, a complete copy must be reviewed and approved by the Town Attorney.

**4. INCOME QUALIFICATIONS.**

There will be annual income limitations to be determined annually as published in the US Census Bureau American Community Survey. Currently Madison Median Income is \$140,990, multiplied by the following percentages. The example of current income and local tax benefit is as follows:

<b>Current Income Limit (Local tax abatement and Freeze)</b>	<b>Local Tax Benefit*</b>
\$28,198 or 20% MMI	\$1,578
\$42,297 or 30% MMI	\$1,400
\$56,396 or 40% MMI	\$1,282
\$70,495 or 50% MMI	\$947
\$84,594 or 60% MMI	\$609
\$98,693 or 70% MMI	\$500
Longevity Bonus 30+ years	\$250

\* Benefits are established based on the former Tax Abatement Program (with expanded tiers) and adjusted for inflation as defined by the C.P.I beginning January 1, 2024.

The Freeze benefit is clarified in section (5).

- a. The qualifying income includes total income defined in the Internal Revenue Code and tax- exempt interest plus any other income not included in the federal total taxable income. Income includes all monies received unless specifically exempted including: wages, bonuses, commissions, gratuities, fees, self-employment net income (not including depreciation expense), net Social Security Income (**Box 5 from SSA-1099**), Federal Supplemental Security Income, payment for jury duty excluding travel allowance, dividends & interest, taxable IRA, Black Lung payments, Green Thumb payments, interests or proceeds from gifts, lottery winnings, net income from sale or rental of real or personal property (not including depreciation), bequests or inheritances, pensions, and annuities including only taxable amount, Veteran’s pension and Veteran’s disability payments, railroad retirement, severance pay, unemployment compensation,

workers compensation, alimony, DSS and cash assistance (SAGA or State supplement), legal settlements – net proceeds, Dependency and Indemnity Compensation from Department of Veterans Affairs, cancellation of debt, if property is owned in Trust any distributions received from the Trust (verified with a copy of the Trust Federal Tax Return), Capital Gains total from previous year only, and all other sources of income.

- b. Specifically excluded are Social Security payments made on behalf of a dependent person, casualty loss reimbursements by insurance companies, grants for disaster relief, and life insurance proceeds.
- c. *For Tax Freeze: Income infusions:* Should a prior year approved applicant apply showing an income infusion in any given year that forces them over the income threshold, they will not qualify for that year, and the benefit will be removed for that year. The applicant may re-apply the following year to determine if their income reverted back to a qualifying level, if it has, and meets all eligibility requirements, the applicant shall be re-enrolled the following year. The base year and amount will revert back to the last approved application base year. This exception has a maximum of three (3) occurrences per applicant's lifetime.
- d. *Medical expenses.* Exclusion of certain medical expenses from income are allowed, if a taxpayer has incurred income due to the need to pay medical expenses in an amount that causes the participant's income to exceed the guidelines for the program. Proof of medical expenses may be submitted to reduce the total income calculation for this program. Documentation of such expenses must be submitted at the time of the application. The program administrator, or designee(s) shall then deduct from the most recent annual income the allowable amount of medical expenses.
  - i. Documentation: Applicants shall submit a summary of expenses affidavit and present documented proof (copies of returned checks, bills showing payment, etc.) for the Designee to verify. Documentation must be presented for the application filing year only. After the Designee reviews, deems the affidavit valid or invalid and signs it, it will be submitted to the Assessor's Office as part of the final application.
  - ii. Allowable medical expenses: Allowable medical expenses are defined as those expenses eligible to be deducted on your IRS Schedule A. Deductible medical expenses may include but are not limited to the following, assuming they have not already been paid by insurance: payments of fees to doctors, dentists, surgeons, chiropractors, psychiatrists, psychologists and nontraditional medical practitioners. Payments for inpatient hospital care or residential nursing care, payments for medications, dental work, vision/eye glasses and or contacts, hearing aids, durable medical equipment, transportation primarily for and essential to medical care, insurance premiums and co-pays.

## 5. BENEFITS.

- a. Qualified applicants with less than 10 years of residency will receive a local tax benefit subject to section four (4), Income qualifications and Benefit tiers.
- b. Qualified applicants with 10 years of residency or more will receive a local tax benefit and will additionally have their gross taxes frozen at their base year.
- c. *For Tax Freeze; Base Year:* The Property assessed value on October 1 of the year prior to application will be utilized at the time of the taxpayer's initial approved application. This will establish the base year ("Base Year"). The Tax Freeze amount will be determined based on the assessed value in this Base Year multiplied by the mill rate as of

the upcoming July 1. This amount will be compared to future year's taxes, the difference of which will equate to the annual tax freeze benefit to be issued.

- d. If the total relief granted under the provision of this section for any tax year exceeds seven tenths (7/10) of one (1) percent of the town's current operating budget, the Board of Finance (BOF) shall review the program by October for the following application year. The BOF will have the option to increase the CAP (currently 1%), or adjust the local tax benefit, or adjust the income tiers for the entire program to allow the total benefits to remain under the CAP.

**6. PROPERTY VALUATIONS LIMITS/ASSET TEST.**

- a. The assessed value of the property for which the tax relief is sought shall not exceed 100% of the median home appraised value in Madison, determined following the Town wide revaluation. Notwithstanding the foregoing, the residents that received benefits on the 10/1/22 GL, that would have exceeded this appraised value will be grandfathered into the program, therefore will continue to receive the local tax benefit, assuming all other eligibility requirements have been met.
- b. The residents assessed property value on the preceding GL will be used.

**7. FOR TAX FREEZE: 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 gross tax levied against the taxpayer is lower than the gross tax freeze amount, the taxpayer will pay the lower tax amount. This will be the new base amount and the number of years enrolled will remain the same, assuming they continue to qualify.

**8. FOR TAX FREEZE: SUBSEQUENT CHANGE OR MODIFICATION OF PROPERTY.**

If there is a subsequent change or modification of the property that requires new reassessment as provided for under Connecticut law, including C.G.S. 12-53a and 12-62 and results in an increase in such taxpayer's assessment, the new assessment becomes the base for calculation of the gross tax freeze amount. The new assessment will be multiplied by the current mill rate in effect in such year the change in the assessment takes place, providing the property continues to meet the asset test. This will be the new base amount and the number of years enrolled will remain the same, assuming they continue to qualify.

**9. LIMITATION ON BENEFITS.**

The real property tax relief provided by this program shall be in addition to, but not dependent upon, those benefits available to tax payers under any C.G.S. §§ 12-129b to 12-129d, inclusive, and 12-170aa, provided, the total amount of tax relief shall not exceed 75% of the property tax for which such taxpayer would be liable but for the benefits provided by the town and the state tax programs. If the aggregate amount of such state and local benefits exceeds said 75% of taxes otherwise due, then the tax relief amount available under the tax relief 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 this program.

**10. COORDINATION WITH OTHER TAX RELIEF PROGRAMS.**

Taxpayers shall be eligible to apply for both this Tax Relief Program and the Tax Deferral

Program, at the same time.

**11. APPLICATION PROCEDURE.**

- a. Assessor may assign a designee(s) to assist the Assessor's Office in the application process.
- b. Should they be eligible, the applicant must first apply for the State's Elderly and Totally Disabled Homeowner program.
- c. A property owner must file a written application on the forms provided for relief under this program, annually between February 1st and May 15th of the calendar year.
- d. The applicant shall present to the program administrator, or designee(s), a copy of their federal income tax return for the previous calendar year or, if income is under the required amount to file a tax return, an applicant must provide documentation of all income for the previous calendar year.
- e. The taxpayer shall provide an executed IRS Form 4506-T permitting the IRS to disclose to the Assessor, or designee(s), information from the taxpayers filed tax returns or verification that the tax payer has not filed a return.
- f. The designee(s) will forward the applications to the Assessor's office.
- g. Applications, affidavits or other documentations presented in support of the application, shall not be open for public inspection and shall not be disclosed except in cases of appeals or in connection with claims of fraud to the proper authorities, or except as otherwise required by law or court order.

**12. TRANSFER OF PROPERTY.**

- a. If the property owner sells, assigns or otherwise transfers ownership between February and July, the applied benefit will be prorated using the appropriate monthly factor. Should the applicant purchase another property in Town they are required to file an application for the new property during the next application period. Years of ownership in the previous property will count for the purposes of this program.

**13. DEATH OF TAXPAYER.**

The tax relief benefits shall terminate upon the death of the applicant(s).

- a. In the event the taxpayer's death occurs after the application is approved, the benefit will be prorated.
- b. In the event the taxpayer's death occurs after eligibility has been established hereunder, and the surviving spouse becomes the owner of the property, eligibility for continued benefits of a surviving spouse shall be determined in accordance with CGS 12-170i.

**14. EFFECTIVE DATE:**

The tax relief program shall become effective with the October 2023 Grand List.

**15. PROGRAM REVIEW.**

The tax relief program shall be reviewed by the Board of Selectmen the first year after implementation and then in conjunction with every revaluation. The Board of Selectmen will make a recommendation to the Board of Finance and the legislative body of the town. The Board of Finance shall establish a special committee to review the tax relief program. The special committee shall be composed of five (5) members, two (2) of who shall be members of the Board of Finance one (1) of who shall be from the Board of Selectman and one (1) of who shall be a

member of the Senior Commission. Town staff from the following offices shall act as liaisons: Finance, Assessor, Tax Collector and Senior Services.

- a. Upon the fifth anniversary of the Effective Date of the tax relief 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 effectiveness of the program, and shall make recommendations for any changes to the program for its continuation.
- b. Upon the yearly anniversary of the Effective Date of the tax relief program, the special committee may, but is not required to, convene to review the program as provided.

**16. EXTENSIONS.**

- a. Should an applicant require an extension, they must apply and be approved for an extension for the State of Connecticut Circuit Breaker Program.
- b. Extension Request deadline: August 15th annually (for medically incapacitated purposes or for those on federal income tax extensions).

**17. APPEALS PROCESS:**

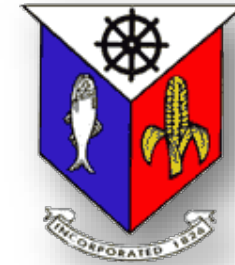
There shall be a Board of Review that consists of First Selectperson or designee, Director of Senior Services, and Director of Finance. Staff members from the Assessor, Tax Collector, and Senior Services Departments will act as liaisons to the Board of Review

- a. Any person aggrieved by a decision on an application filed pursuant hereto, may appeal by filing a petition to the Board of Review within 30 days from the date of the Elderly / Totally Disabled Benefit Notice of Decision. The petition will be filed in the Assessor's Office. The Board of Review will review the appeal and will issue a decision within 30 days of the deadline for appeal.
- b. Credits issued by the Tax Collector, as a result of an appeal, will be appear as a credit on the tax bill.

**18. INTERPRETATION TO BE CONSISTENT WITH STATE TAX RELIEF PROGRAMS.**

The tax relief 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.

# TOWN OF MADISON



CONNECTICUT

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Tax Abatement & Freeze Program for Certain Elderly and/or Totally Disabled Homeowners

Presented to Board of Selectmen  
October 23<sup>rd</sup>, 2023, 7pm



# Why are we here?

- Town is required to re-evaluate the Local Tax Abatement and Freeze Programs as part of the ordinance.
- To discuss opportunities for expanding our current programs to help some of our most vulnerable residents.
- To continue to help recognize longevity of Town residents.
- Many residents prefer the freeze concept over the local tax abatement program, but immediate relief is offered through the local tax abatement program.
- To help streamline the application process.
- Town is well under the annual spending cap of the program -we are not helping as many residents as we could be.
  - Currently, the two programs (plus the state circuit breaker) is at approximately 0.42% of the approved budget.
  - The cap for the program is set at 1% of the approved budget - \$943,666 (FY 23/24)

# Review of ordinance update

- Over the past year, Town staff and Board of Finance members met several times to revise the Tax Abatement ordinance.
- Town Attorney review of the ordinance.
- On Wednesday, October 18<sup>th</sup>, the Board of Finance recommended proposed revisions to the ordinance.

# Senior Tax Abatement & Freeze Program - Timeline

- **October** - Board of Finance approves and recommends a draft Ordinance with proposed revisions to the Board of Selectmen. Ordinance sent to Quality Data Services (Tax Collector/Assessor Software) for implementation review. Board of Selectmen reviews the draft Ordinance with recommended changes and calls a Public Hearing
- **November** - Public Hearing held. Board of Selectmen reviews comments and any suggested revisions made at the Public Hearing
- **December** - Board of Selectmen reviews a draft Ordinance with proposed revisions, and takes possible action to approve a final Ordinance
- **January** - Approved Ordinance must be posted for 15 days before going into effect (*deadline is January 3rd*)
- **February** - Senior Tax Abatement Relief Applications begin February 1, 2024 under the new Ordinance

# Current Programs

- **Local Tax Abatement Program\***

Goal: to help some of our most vulnerable residents who are income limited

Eligible participants receive a credit on the new tax bill for the upcoming fiscal year.

Bi-annual application process unless applicants income changes or percentage of ownership changes.

- **Local Tax Freeze Program\***

Goal: tries to recognize residency by assisting long term residents. Targets an expanded audience of residents who are not able to receive relief from the Local Tax Abatement Program. Helps eligible applicants predict expenses.

Eligible participants gross taxes are frozen at the original base year.

Adjustments are made if the assessment is reduced.

Annual application process.

*\*These benefit amounts are compared. Participants receive the greater of the two benefits.*

- **Local Deferral Program**

Goal: to assist the most vulnerable residents or those who need extra assistance in a given year or over time.

Eligible participants are able to defer paying up to \$8,000 in taxes

Secured with a lien on the property, current interest rate 1.5%

- **State Circuit Breaker Program**

Goal: to assist the most vulnerable residents

Eligible participants receive a credit on July tax bill

Bi-annual application process unless the income changes

# Guideline Similarities

- Age- 65 years or older by the end of the previous calendar year
- Disability status
- Ownership of at least one year. Real property is house and house lot in Madison for which relief is claimed. It must be the legal domicile.
- Residency status. Property must be the primary residence and occupied for 250 days or more per year
- Surviving spouse of previously eligible owner, 60 years of age or older
- Spouse of homeowner living in a nursing home on a permanent basis who is 60 years of age or older
- Joint ownership tax relief will be proportional to the legal interest in the property
- Applicant with life tenancy and/or property in trust may be eligible.

# Madison's Demographics

- Madison Median Income- \$140,990\*
- 17,691 Madison Residents\*\* & 6,719 households in Madison\*\*
- As of 2023- 23%\*\* of the Town's population is seniors age 65+ or 4,069 people
- 335 Households are receiving a tax discount either local relief or freeze
- 321 Households on the program qualify as seniors
- 14 Households on the program qualify as disabled
- 4.98% of the Town Households receive either local tax benefit or a freeze

\*US Census Bureau

\*\* Data Haven

# Local Tax Abatement Program GL 2022

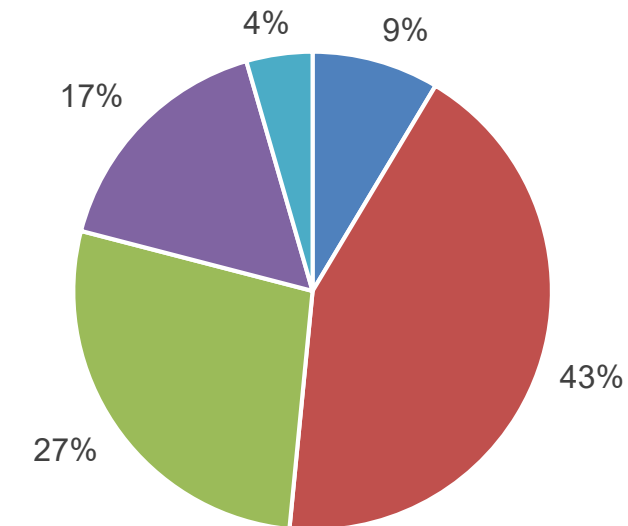
- BOS Ordinance adopted in 2005. Currently 291 households are receiving benefits.
- Qualifying resident between one and four consecutive years with income up to \$79,125 may be eligible for \$100.00 in tax abatement.
- Qualifying resident of five or more consecutive years may be eligible for tax abatement as follows:

<u>INCOME</u>	<u>BENEFIT</u>
\$23,009 and under	\$1,578
\$23,010 - \$47,479	\$1,282
\$47,480 - \$63,304	\$947
\$63,305 - \$79,125	\$609
\$0 - \$79,125 (1-4 year res.)	\$100

- Income calculations based on CPI and adjusted annually. Maximum originally set at \$50,000 by Town and grew based on CPI since 2006
- To be reviewed by BOS in conjunction with every revaluation. BOS to make recommendations for changes to BOF and Town meeting

# Local Tax Abatement Statistics GL 2022

Percentages of Participants in each income category



- \$0 - \$23,009
- \$23,010 - \$47,479
- \$47,480 - \$63,304
- \$63,305 - \$79,125
- \$0 - \$79,125 with under 5 years residency

The average assessed home value for participants in the Local Tax Abatement Program is \$229,210



# Who is receiving the Local Tax Abatement benefit?

Benefit Amount	Annual Income	Total Annual Tax Bill without discount	Annual Tax Bill with Discount	Monthly Income	Total Monthly Tax Bill without discount	Monthly Tax Bill with Discount	Assessed Value	Client Background information
\$1,578 Additional State Ben. \$1,000	\$18,540	\$5,157	\$2,579	\$1,545	\$430	\$215	\$190,100	80 year old retired real estate agent 21 years of residency
\$1,282 Additional State Ben. \$500	\$34,813	\$5,527	\$3,745	\$2,901	\$461	\$312	\$184,400	71 & 75 couple running a landscaping co. 20 years of residency
\$947	\$59,064	\$4,564	\$3,617	\$4,922	\$380	\$301	\$152,300	73 year old working musician renting out a room in his home 17 years of residency
\$609	\$73,198	\$5,715	\$5,106	\$6,100	\$476	\$426	\$190,700	82 & 83 year old couple, one spouse is a retired Town employee 40+ years of residency
\$100 Addition. State Ben. \$500	\$28,031	\$2,568	\$1,968	\$2,336	\$214	\$164	\$85,700	71 year old part time retail worker 4 year resident

# Tax Freeze Program GL 2022

- BOS Ordinance adopted in 2016. Currently 44 households are receiving benefits
- Maximum assessed value of home cannot exceed \$392,600 (market value of \$560,857) based on current average assessed home value, adjusted annually.
- Income tiers based on Madison Median Income for the previous year of \$140,990 (based on US Census data) times % for each tier.

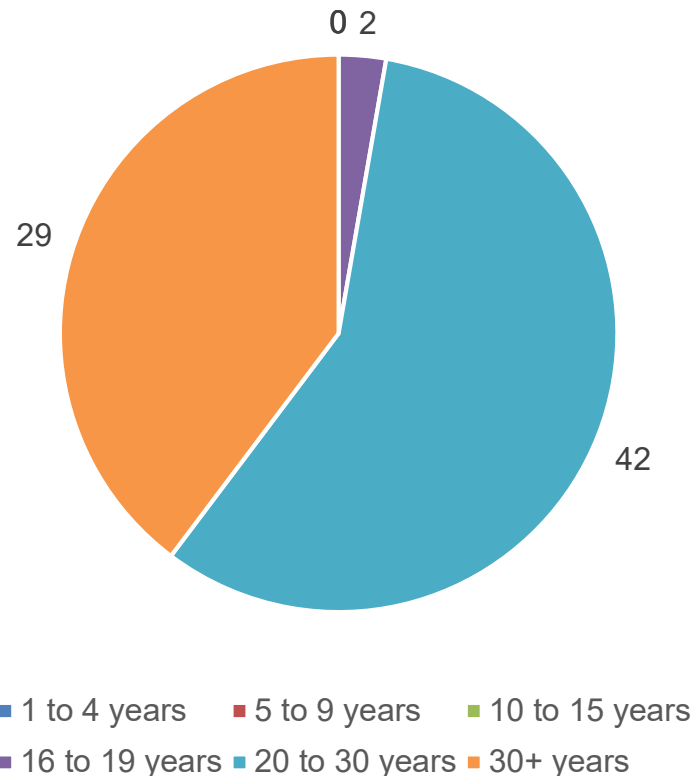
## Income Guidelines for GL 2022

Years of Residence	Single	Married
1 to 4	\$22,558 (16%)	\$28,198 (20%)
5 to 9	\$45,117 (32%)	\$56,396 (40%)
10 to 15	\$56,396 (40%)	\$70,495 (50%)
16 to 19	\$67,675 (48%)	\$84,594 (60%)
20 or more	\$90,234 (64%)	\$98,693 (70%)

- Participation likely to grow as qualifying households increase years of residency and switch from Local Tax Abatement to Freeze Program to maximize benefit.
- After first 5 years, ordinance requires BOF to establish 5 member special committee including 2 members of BOF. Committee to report to BOF, BOS on program effectiveness, make recommendations for changes

# Tax Freeze Statistics

Number of Households vs. Years of Residency Guidelines



The average assessed home value for participants in the Tax Freeze Program is \$217,946

# Who is receiving the freeze benefit?

Benefit Amount	Annual Income	Total Tax Bill without discount	Total Tax Bill with Discount	Monthly Income	Total Tax Bill without discount per month	Tax Bill per month with Discount	Assessed Value	Client Background information
\$714	\$65,080	\$7,214	\$6,500	\$5,423	\$601	\$542 freeze program for 2 years, abatement program prior	\$240,700	85 year old retired Madison School teacher, 50 year resident
\$1,123	\$66,673	\$8,775	\$7,652	\$5,556	\$731	\$638 freeze program for 5 years	\$292,800	87 year old currently operating a business, 35 years of residency

# Tax Deferral Program GL 2022

- Resolution by Town Meeting dating back to 1989 in accordance with state statute. Most recently updated by BOF in 2015. Currently 13 households defer their taxes
- Maximum Income: \$79,125 (consistent with the current Local Tax Abatement Program)
- Eligible participants may defer 100% of their real estate tax not exceeding \$8,000 in one tax year.
- Deferrals will be secured with a lien on the property interest is currently set at 1.50%
- Total amount deferred cannot exceed the assessed value with all other liens.
- An applicant can not have a reverse mortgage or other liens listed on the property for which they are applying.
- Taxes are not due until the sale of the property or death.
- Program reviewed annually and revised as required by the Board of Finance (including setting the annual interest rate).
- Total amount deferred for GL 2022 is \$80,886.42
- Total amount deferred since the programs inception is \$679,538 as of August 31<sup>st</sup> 2023.

# Who is receiving the Deferral benefit?

Amount Deferred	Annual Income	Monthly Income	Defers entire bill	Monthly Savings in budget	Years on Deferral	Total Owed	Assessed Value	Client Background information
\$4,291	\$41,449	\$3,454	Yes	\$358	11	\$44,978.37	\$212,300	86 year old recent widow, annual income will change next year. 45 year resident
\$8,000	\$48,252	\$4,021	\$8,000 maximum allowed deferred Total tax bill is \$9,383	\$667	1	\$8,039	\$322,100	80 & 81 year old couple who have been Madison residents for 11 years

# State Circuit Breaker Guidelines for GL 2022

**Homeowners**  
**Income and Grant Information –2022 Benefit Year**  
**Filing period February 1 - May 15, 2023**

<b>Income</b>		<b>Tax Credit %</b>		<b>Tax Credit Maximum</b>		<b>Tax Credit Minimum</b>	
<b><u>Over</u></b>	<b><u>To</u></b>	<b><u>Married</u></b>	<b><u>Unmarried</u></b>	<b><u>Married</u></b>	<b><u>Unmarried</u></b>	<b><u>Married</u></b>	<b><u>Unmarried</u></b>
\$-0-	\$20,200	50%	40%	\$1,250	\$1,000	\$400	\$350
20,200	27,100	40	30	1,000	750	350	250
27,100	33,800	30	20	750	500	250	150
33,800	40,300	20	10	500	250	150	150
40,300	49,100	10	-0-	250	-0-	150	-0-

State mandated program that is not reimbursed to the Town  
 If an applicant qualifies for a benefit from this program, it is additive to either the Local Tax Abatement or Tax Freeze Benefit 141 households currently qualify

# Cost GL 2022

<u>Benefits Applied (Greater of the Two)</u>	<u>Participants</u>	<u>Value</u>
Local 20-10	291	\$302,514.05
Freeze (Local) 20-11	44	\$26,408.51
Total Recipients for Local and Freeze - Revenue Loss	334	\$328,922.56
State Mandated Benefit M-35 (Non-reimbursed by the State - Revenue Loss)	141	\$74,272.50
<b>Total</b>		<b>\$403,195.06</b>
Total Deferred in GL 2021 as of 7.11.23*	13	\$80,886.42
Total Balance Deferred as of 7.11.23 since program inception in 2005*		\$783,672.20
*these numbers will update as extensions are filed		

Currently, the local & freeze program is at roughly 0.42% of the approved budget.  
 The cap for the program is set annually at 1% of the approved budget – today \$943,666



# PROPOSED CHANGES

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# Qualifiers and Implications

- Combine the Local Tax Abatement and Freeze Programs into one program and name the program Local Tax Abatement & Freeze Program for Certain Elderly and/or Disabled Homeowners.
- Qualified Applicants will receive BOTH local tax abatement and freeze benefits if they have owned for 10 years or more.
  - Under 10 years of residency will receive local tax abatement benefit only.
  - 10 Year residency requirement-
    - *18 applicants on the program would be affected, however those applicants received the local tax abatement benefit which was higher than the freeze benefit, they would see no financial impact from this.*
- Income Guidelines adjusted by Area Median Income consistent with current tax freeze program using the percentages to calculate each tier of 20%, 30%, 40%, 50%, 60%, & 70%
  - One income tier structure from the Freeze Program and match the tiers to the local tax abatement benefits and do away with the separation of married vs. unmarried structure.

# Qualifiers and Implications

- Allow participants who are delinquent in taxes to participate.
- Maximum assessed value is currently \$392,600 based on current guidelines of the median assessed value of the freeze program-
  - *12 applicants currently receiving the local tax abatement program exceed this limit, however will be grandfathered into the new program.*
- Local Tax Abatement continues to be adjusted annually by the CPI.
- Added a \$500 benefit category to those in the highest income tier.
- Add an additional longevity bonus benefit of \$250 for those residents on the program with 30 years or more of consecutive residency.

# Qualifiers and Implications

- Add an allowance for income infusions or one-time swings income that would otherwise reset the start date of the freeze portion of the program. Maximum of 3 occurrences per lifetime.
- Allowance for affidavit to be used to claim medical expenses in place of IRS Schedule A.
- Clarified the surviving spouse benefit eligibility should death of a taxpayer occur and they were listed as the sole owner of record- no discontinuance of eligibility.
- Clarify a review process should the program reach seven tenths of 1% of the town's current operating budget. Board of Finance will review to make recommendations.
- Clarify the appeals process.

# Proposed Guidelines with Estimated Costs

\*please note abatement number are slight over estimates as they do not account for partial ownership

Max Income	Local Benefit	Local Applicants	Local Cost	Freeze Applicants	Freeze Cost	Total Cost
\$28,198.00 (20%)	\$1,578	64	\$100,992	56	\$20,199.94	\$121,191.94
\$42,297 (30%)	\$1,400	71	\$99,400	65	\$24,432.02	\$123,832.02
\$56,396.00 (40%)	\$1,282	82	\$105,124	70	\$29,978.62	\$135,102.62
\$70,495.00 (50%)	\$947	69	\$65,343	60	\$25,056.80	\$90,399.80
\$84,594.00 (60%)	\$609	22	\$13,398	28	\$5,796.84	\$19,197.84
\$98,693.00 (70%)	\$500	16(freeze applicants, no current local)	\$8,000	16	\$3,541.53	\$11,541.53
30 + Years of Residency- Longevity Bonus for any eligible participants in the program- \$250				166 applicants		\$41,500
Total		\$542,765.75				
State Mandated Benefit M-35 (Non-reimbursed by the State - Revenue Loss)		141	\$74,272.50			
Total Estimated Cost			\$617,038.25 (proposed is .65% of current budget, currently .42%)			

# Next Steps

- Board of Selectmen accept recommendation and call a public hearing.
- Public Hearing for the Board of Selectmen to receive comment on the new ordinance
- Board of Selectmen approve the ordinance
- Update the Tax Deferral Resolution to be consistent with these proposed guidelines.
- Target approval of any final changes to be in effect by February 1, 2024 - the start of the next application period.

# Senior Tax Abatement & Freeze Program - Timeline

- **October** - Board of Selectmen reviews the draft Ordinance with recommended changes and calls a Public Hearing
- **November** - Public Hearing held. Board of Selectmen reviews comments and any suggested revisions made at the Public Hearing
- **December** - Board of Selectmen reviews a draft Ordinance with proposed revisions, and takes possible action to approve a final Ordinance
- **January** - Approved Ordinance must be posted for 15 days before going into effect (*deadline is January 3rd*)
- **February** - Senior Tax Abatement & Freeze Program begins February 1, 2024 under the new Ordinance