



## TOWN OF MADISON

CONNECTICUT

06443-2563

**MEETING DATE:** Wednesday, January 20, 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)

The subcommittee convened at approximately 7:10 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 13, 2016 meeting.

Motion approved minutes at 7:12pm.

**MOVED:** by Herb Gram and seconded by Craig Bernard to approve the minutes of January 13, 2016 meeting.

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

### 3) Review:

#### a) Agenda -

Mr. Gram began the meeting by discussing the cap, where the committee feels the cap should be and whether or not a cap should exist. Mr. Bernard stated we need a cap in order to have a starting point and feels the modeling Mr. Gyllensten has done may help to decide appropriate levels for the cap. He recommended that the committee allow Scott the opportunity to review his model to at least start the conversation regarding if the cap should exist, and if so, where the cap should be. Mr. Gram agreed with Mr. Bernard's statements and wants to ensure that in the end, the committee considers all that is considerable.

#### b) Senior Tax Relief and Abatement Program Analysis -

Mr. Gyllensten – Let us take a look at the STF (Senior Tax Relief) and Abatement Program analysis I've compiled to help understand where we want to be. (He revised his notes from last week's meeting and created a quick outline to ensure all points discussed last week were addressed.)

Mr. Bernard – We should potentially consider combining the two programs at some point, but for now let's address both separate in order to specify details.

Mr. Gyllensten – It's important for the committee to discuss 'assumptions' that should go into this so I started working in recommendations that we previously suggested. This analysis will show which program provides the greatest benefit to the resident. As you can all see, I have created several columns in order to successfully analyze the Senior Tax Relief program and the Abatement program:

- Unique ID (represents the resident)
- Original Town Benefit
- Benefit Given
- Assessment (assessment value on property)
- Exemptions (\$ amounts that come off assessment value – i.e. military, firefighter, etc.)
- Adjusted Assessment
- Taxes (what is due on the property)
- State Benefit
- Year 1 - two columns under that (STF and Abatement), Year 2...

Mr. Gyllensten - We have to open up years of residency after one year of residency, anything less than one year won't qualify. He also suggested that the committee consider adding age levels so eventually individuals will be weaned out as they pass.

Mr. Hall added that for the first 5-6 years this program will not have a very large impact on the town which is good; it will ease its way in.

Mr. Bernard – How can we take this information available to us to then take a look at the projections from the other modeling?

Mr. Gyllensten - This ensures that this part of the program is beneficial. What we can do is use the numbers as a base point from those who are currently in the Abatement Program and combine them with the numbers from the projections in the other model in order to create a tier.

Mr. Bernard – I feel it's important to use the most conservative approach whenever possible in order to ensure leeway.

Mr. Gyllensten – He created the income qualifications by going onto the census bureau and pulling the household income levels and then did a calculation to get the 80% for the 20+ years (married). He added an additional level from what was previously recommended in last week's meeting and came up with the following tiers:

- 20+ years of residency (80%),
- 15 - 20 years of residency (60%)
- **10 - 15 years of residency (50%)**
- 5 - 9 years of residency (40%)
- 1 - 4 years of residency (20%)

Mr. Gyllensten - This will help to not have to reset these brackets in the future.

Mr. Bernard – This actually expands the income levels on both sides by adding an extra tier which helps the most people in need.

Mr. Gyllensten - The idea behind having the two programs work together is that the residents who are in the most need will get a larger benefit in the first (7) years than if they qualified for just one program. If you hit a cap, the Abatement Program would pay out first, and then the Senior Tax Freeze benefits would step in. Keep in mind residents in the Abatement Program would also qualify for the state program, along with the option for the Deferral Program for an additional benefit.

Mr. Thomas and Mr. Bernard questioned whether or not having that additional tier would really help the neediest. Is it worth providing a few hundred dollars to the higher income level residents if we can provide more relief to those individuals who need it most?

Mr. Gyllensten – We need to strike a balance that focuses on impacting the largest number of seniors but also addresses the neediest. The importance should be providing benefit to a larger group, and protecting the benefit for

those in the Abatement program so that after they hit the 7-year mark, for the average person it will equalize, and the benefit provided will be the same.

Mr. Thomas asked what year will be the “freeze year” for an individual who applies to the program.

Mr. Gyllensten - The “freeze year” will be the year the individual enters the program. If the resident is not utilizing the Senior Tax Relief program, he/she will benefit from the Abatement program initially, then the Senior Tax Relief program later on.

Mr. Thomas – What are we assuming the funding levels are?

Mr. Gyllensten - We assumed 125 basis points total (combines the STF program and Abatement program). The Abatement Program will always pay before the Senior Tax Relief because the individuals in the Abatement Program are always in a greater need.

Mr. Bernard – To summarize what we’ve discussed so far....we created the model used here using conservative assumptions, included an asset limit, and set suggested income levels.

Mr. Gyllensten replied “correct.” Now I have to go back and input these new ideas/numbers in order to get to a better idea what our overall numbers will be.

Mr. Thomas – He is concerned this current suggested model may take away from those who need it most. Should we allocate the benefits more?

Mr. Gyllensten – Because the individuals in the Abatement Program are able to apply for additional benefits (state, exemptions, etc.), we still meet the goal of reaching as many individuals as possible.

Mr. Thomas – He is not sure that this model represents all potential assumptions. In short, he wants to ensure that residents are getting enough benefit from the Abatement Program *before* including the additional benefits as we shouldn’t assume that these state benefits, exemptions, etc. will always be available. His concern is that applicants create false expectations that additional benefits beyond the Abatement Program will always be available, when they may not always be an option.

Mr. Bernard then asked Mr. Gram - “How do you feel about the \$80K income level”? Mr. Thomas then asked Mr. Gram – “Are you more interested in helping the households that are in need, or helping keep resident’s already in town to remain in town?” Mr. Gram replied with “I’m 50/50.”

Mr. Thomas then stated this program should provide more certainty. Mr. Gram agreed. The seniors need to see that this program will benefit them overall over the years.

Mr. Bernard – We have to model this program to ensure that the residents actually agree to it and support it.

Question asked by resident (Barbara) – What percentage of seniors are within the \$70K - \$86K income level? Mr. Gyllensten replied with the percentage below the \$75K income level is about 40%.

Mr. Gyllensten – He is more than happy to work out several different scenarios that the committee has in mind. If everyone would email me with your suggestions/questions I can provide solutions by next week's meeting.

Mr. Thomas – He suggested reducing the top income level in order to show that the committee is being thoughtful and conservative, but also more importantly, we need to ensure we reach our audience so this proposal gets approved. So he would like to see a different scenario that shows the impact from adding the additional bracket and what the difference would be in the \$500K income level (appraised value) to \$400K income level.

Mr. Thomas – Based on Mr. Gyllensten's analysis, this program could potentially affect approximately 30% of the seniors in town, in comparison to the current 12% (approx.) as stated by Mr. Hall. Mr. Thomas feels that is a huge improvement and something to be content with.

Mr. Gyllensten – let's recap the Program Terms –

1. Tax Deferral program remains in place without modification
2. Tax Abatement program and Senior Tax Relief share a combined cap of 125 basis points
3. The use of 5-tiers as opposed to Guilford's 4-tiers
4. Valuation limits (Senior Tax Relief only)
  - i. 120% of median home price
  - ii. Valuation limits only verified at initial program enrollment or when new improvements increase the assessed value by greater than 5%
5. If the cap is breached
  - i. Abatement benefits will be paid out first
  - ii. Additional benefits under the Senior Tax Relief will receive a haircut
  - iii. Funds will be paid out with priority given to the lowest income bands first
6. Coordination with other tax relief programs
  - i. Program recipients will receive the greater of the benefits they qualify for under the Senior Tax Relief or the Abatement program

Mr. Bernard – We need to work on our presentation for the next meeting. Also, suggested to committee that any thoughts/suggestions that anyone would want added should be prepared and ready for next week's meeting. He asked if

someone in the committee could prepare an outline, taking special note to include how we've chosen to customize Guilford and Durham's ordinance's to fit the needs of Madison seniors. Mr. Bernard offered to to create the outline.

Mr. Thomas agreed the outline is a great idea. He reminds the committee to start thinking about who in the committee should present to the Board of Finance. All committee members agreed that Mr. Gyllensten should be the one to present their proposal to the Board of Finance as he is most knowledgeable to the subject.

Mr. Gram – He asked if the committee would like him to contact the First Selectmen Tom Banisch and offer a brief sit down with him before we present to the Board of Finance?

Mr. Thomas felt it should be considered as it would allow opportunity for Mr. Banisch to contribute his thoughts.

Mr. Hall confirmed that he would invite Mr. Banisch to next Wednesday's meeting as well as Mrs. Alma Carroll.

#### 7. Public Comment.

None.

#### 8. Adjourn

There being no objection, the meeting adjourned at 8:40 p.m. by Herb Gram and seconded by Peter Thomas.