

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:

Current Income Limit (Local tax abatement and Freeze)	Local Tax Benefit*
\$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.