Joint Sub-Committee Meeting
December 10, 2012

L&A, PW&P, Finance

Meeting was called to order at 7:35 by Ed Bateson

<u>Presentation by the Senior Tax Relief Committee</u>

A handout of three options for the Senior and Disabled Tax Relief Program was distributed.

Tom McCarthy of the STR committee stated that the viability of the third option, the enhanced deferral program, was of concern because the committee was recently informed that state statute says that after 15 years, a lien is not collectible. The intent of the program was a response to the problem of seniors and/or disabled– especially those on a fixed income–who may not be able to continue to live in Fairfield due to higher taxes. A portion of the tax would be deferred until the home was sold.

Mr. McCarthy continued, the credit program would jump from $3.2 million to $4.3 million with the same level of participation. Tax credits under the proposed change would now be a percentage rather than a fixed amount.

Josh Garskoff asked why not adjust it every two years?
Mr. McCarthy said that it is self-adjusting - it doesn't go up. He also indicated that there was no correlation between income and property value.

Jeff Steele suggested that a change to the statute might be possible with regard to the lien time limit.
Mark Patton STR committee member asked if it would be possible to defer taxes for up to 14 years.

Peter Ambrose suggested that it might be possible to refile the lien every five years thus restarting the clock on the 15 year statutory limitation.

Kathryn Braun suggested that there might be special rules for tax liens.

Jeff Steele thought that the deferral program could be revisited in two years when the Tax Relief Program would be due for a review.

Josh Garskoff felt that at present, the program is 'clean' and revisiting it would make it a 'moving target.'

Mark Patton referred to the 4% cap on tax relief per the current ordinance is the equivalent (at this time) of $10 million and suggested that the deferral program be put forward as is.

Mr. Steele said that he believed there is concern about the affordability of $10 million taken out of the budget.

Mr. McCarthy added that historically, the town has not come close to the cap on tax relief.

Mr. Steele suggested that the bigger issue is whether the whole program is too expensive.

Mr. Patton referred to changes that have been proposed recently that would reduce the cap from 4% to 2.5%.

Mr. McCarthy suggested that the STR committee make a final proposal with amendments on the floor of the December RTM meeting for discussion without a vote.

David Mackenzie asked what Option I, the sliding scale tax credit program, bottom line cost would be. Mr. McCarthy said it would be about $4.3 million under the new program.

Mr. Mackenzie asked what the bottom line cost of Option II would be (tax freeze.) Mr. Patton said that only eight people were currently using the freeze and it would have no effect on the current $16,500 amount because it is a six year freeze. It would only add a year to the current rate.

Mr. Mackenzie asked about the effect of Option III, (deferral) program. Mr. Patton said that currently only 16 people had deferred taxes and the current cost is $37,800. It could be $1million maximum under the new program.

Ann Stamler questioned the actual cost of the freeze program and Mr. Patton answered the dollar amount would be immaterial as properties were sold and the tax would then be collected.

Ms. Braun asked why the $3.3 million dollar estimate on the credit program would go up. Mr. McCarthy said that raising income levels allows 186 more households to participate at the high end (according to census data.) He went on to say that of the 2600 households who are eligible for tax relief the current participation is 1554 or 62%.

Joe Palmer asked about the $1million cap on the deferral program and is that of some concern.

Mr. McCarthy said that seniors need real relief and that would mean most would take advantage of the credit option not the deferral.

Jeff Steele asked if the cap would mean that the program would be on a first come first served basis. Mr. McCarthy said that it would more likely be a pro-rated tax benefit to include all eligible households if the ceiling were reached.

Both Mr. McCarthy and Mr. Patton agreed that because new information about the time limit on liens was only received today, the wording of the ordinance (95-11) would need to change in order to address who gets the benefit when the $1million cap is reached.

Charles Abercrombie asked if the tax relief was per person or per household. Mr. Patton answered it would be applicable per household. Mr. McCarthy added that the majority of beneficiaries of the relief program are single households.

Chris McAleese was concerned that under the new ordinance, some will actually have a lower benefit.

Mr. McCarthy agreed that was true in a minority of cases.

Mr. Mitola suggested and it was agreed that the committee would ask for a legal opinion to be given before the Monday full RTM meeting regarding the 15 year limit on the lien. He also questioned whether the tax assessor had the ability within the existing data system to track these changes. He said that we need to have an answer to these questions before we can vote.

Ms. Braun asked if there was input from seniors on the proposed options. She also wondered whether the reduction from the current 4% cap (or $9 million) to a 2.5% cap (or $5.2 million) might need to be more generous next year even though the current cost is estimated at $3.3million now. There might be a need for clarification on this given the higher income levels allowed to participate in the program.

Mr. McCarthy said that the program is how we define it. The cap is there for our protection.

Ann Stamler raised the issue if there had been any consideration by the committee about households that have another adult, not the legal owner, who is contributing to the household (such as an adult child with children.) Might that modify eligibility?

Mr. Patten said that if the name is not on the deed it doesn’t count.

Mr. McCarthy said he would ask Don Ross, Tax Assesor, if it has come up and how it has been handled.

Peter Ambrose stated that building in a prohibition on additional household income (if unstated) could be grounds for termination and might be a good idea. He also acknowledged that the committee has a lot on their plate right now.

Helen D’Avanzo, a resident and member of the audience, suggested that the wording of the Woodbridge CT ordinance might be helpful in determining the language used for eligibility. Ms. Stamler agreed and read some of the ordinance out loud.

It was agreed that at the next RTM meeting a new draft of the ordinance would be presented and further discussion would take place. It was also agreed that there would be no vote until the following meeting (January.)

The issue of FOIA was raised since the minutes to STR meetings were not published online in a timely manner.

Respectfully submitted by
Amy Mezoff
District 4 Representative
PW&P