

2021 Easton Tax Relief for the Elderly Committee Report and Recommendations - DRAFT

I. Introduction

This report describes the Tax Relief for the Elderly Committee's efforts in reviewing the property tax relief offered to Easton seniors over the past three years and makes proposals for revisions to the Tax Relief for the Elderly ordinance of 2018.

Committee members are:

Paul Lindoerfer – Chairman

Ray Longo - Clerk

Renn Gordon

Masha Watson

Scott Charmoy

II. Committee Charter

The charter of this committee comes from the 2018 Tax Relief for the Elderly ordinance. It calls for the committee to perform a study and investigation with respect to property tax relief for the elderly and to prepare a report to the Board of Finance to include:

- A. The fiscal effect to the town of property tax relief for the elderly over the past 3 years
- B. Recommendations on form and effect of relief for the following 3 years.

III. Committee Actions

- A. Review of the present tax relief ordinance

The committee reviewed all requirements and qualifications for the present tax relief program. It also reviewed data on the tax relief programs of nearby towns.

- B. Review the fiscal effect of the Easton tax relief plan over the past three years

The committee reviewed data on past three year's tax relief and analyzed the data to see the impact on town finances. See Section IV.

- C. Review of the tax deferral program

The committee reviewed the results and participation in the town's tax deferral program since its inception in 2009. Results of the review are in Section V.

- D. Change recommendations.

The committee identified and discussed a number of potential changes to the ordinance. Section VI describes the changes we are recommending.

- E. Analysis of the financial impact of proposed ordinance changes

The financial impact of the proposed changes was evaluated. This impact is discussed in Section VII.

IV. Property Tax Relief Over the Past 4 Years

Summary of Results

The table below summarizes the Senior Tax Relief results for 2020 and compares these with results from the three prior years:

	2020	2019	2018	2017
# of Seniors Qualified	117	115	116	124
Total Relief \$'s	\$260,093	\$250,890	\$260,974	\$290,036
Avg. Relief \$'s	\$2,223	\$2,182	\$2,250	\$2,339
Avg. Qualifying Household Income	\$46,833	\$44,889	\$45,519	\$44,702
Avg. Previous Year Tax Bill	\$10,458	\$10,289	\$10,865	\$10,882
# New Recipients this Year	14	18	11	17
# Received relief last year, not this year	12	19	19	22
# Recipients With Tax Filing Extensions	3	3	4	6
# Recipients With Deferrals	8	8	6	8

Participation

There were 12 seniors who received tax relief in 2020 who did not receive it this year. The Assessor's office attempted to contact each of these seniors to determine their reason for not applying. The reasons these seniors did not apply or did not qualify were:

No longer lives in town 4
Deceased 8

V. Review of the Tax Deferral Program

This optional program allows seniors who qualify for tax relief to defer paying taxes on 75% of their remaining tax bill after all tax credits have been applied. The deferred taxes incur interest each year at a rate equal to the Town's borrowing cost on its most recent long term bond issue as of January 1 of the previous tax year. A lien is required to be placed on the property for the amount of the deferred taxes. The deferred taxes and accumulated interest are not required to be paid until the senior no longer lives in or owns the home. The tax deferral program has been in effect for the past nine years with the following results:

Tax Deferrals Granted

Tax Year	Number Deferred	Amount Deferred	Average Deferral
2009	7	38,824.70	5,546.39
2010	9	45,661.89	5,073.54
2011	12	58,449.01	4,870.75
2012	11	53,696.95	4,881.54
2013	7	35,056.02	5,008.00
2014	9	49,259.88	5,473.32
2015	8	45,529.42	5,691.18
2016	8	44,955.22	5,619.40
2017	9	73,683.35	8,187.04
2018	7	34,299.12	4,899.87
2019	10	76,179.96	7,618.00
2020	8	44,731.55	5,591.44
TOTAL		600,327.07	
AVG	8.8	50,027.26	5,705.04

VI. Recommended Changes to the Existing Ordinance

After reviewing the results of the senior tax relief program for the past three years the Committee is recommending that the town make only one change to eligibility requirements of the ordinance; that is to change the Assets Limitation from \$750,000 to \$650,000. Thus the parameters of operation of the plan including the types of tax relief offered, the age and income requirements and the amounts of tax relief available would be:

Age qualification 65

Maximum Qualifying Household Income ... \$85,000

Assets Limitation \$650,000

Maximum credit amount 46% of the previous year's tax bill

Maximum deferral % 75% of the remaining tax bill after all credits

Maximum total \$ allocated for deferrals \$80,000

The committee is recommending a number of changes to the wording of the ordinance. All recommended changes are highlighted in the document called "2021 Tax Relief for the Elderly Ordinance - edits highlighted" dated 2/10/2021. The following is a summary of these changes:

- (1) Section 12b: Deleted "and paid taxes" to accommodate the case where an applicant has been unable to pay taxes.
- (2) Section 12c: Clarification of the meaning of "Principal Residence" and how it applies to the qualifications for tax relief.

- (3) Section 12e and Appendix A: Change “the date of application” to “December 31 (last)”. To make this date consistent throughout all tax relief documents”.
- (4) Section 12f: Change “more than three years” to “more than one year” limiting the time an applicant has to appeal a tax relief decision.
- (5) Section 19: Revised how the Medical Expense Deduction is described.
- (6) Section 19: Changed “Add” to “Add back” on all “losses” to clarify how these items are accounted for in the Qualifying Household Income calculation.
- (7) Section 20: Added text to state that the “abatement” is in the form of a “credit” and the credit does not need to be paid back to the town.
- (8) Section 20: Added “The credit is only good for that one year for which the applicant is applying, and if they wish an abatement in future years they must apply for same unless the Assessor notifies otherwise.”
- (9) Section 22: Added at beginning: “Tax relief provided under the terms of this ordinance offers the applicant an option to defer the payment of a portion of the annual real estate tax bill as follows:”.
- (10) Various minor wording and date changes and deletion of text that is not required.
- (11) Updated all references to IRS documents and line numbers.

VII. Fiscal Effect on the Town for the Next Three Years

We expect that the impact of the reduction of the Asset Limit to \$650,000 would be to disqualify only a few, if any, seniors from receiving tax relief. Beside this, the only increase or decrease in tax relief granted will be due to the number of seniors applying. Though the number of seniors qualifying for tax relief has been in decline in recent years the rate of decline most recently has slowed.

VIII. Recommended Senior Tax Relief Allocation for 2021

The committee recommends that the Town budget for tax relief for 2021 an amount equal to the tax relief granted in 2020 plus a small contingency. This would be \$270,000.