

# **Easton Tax Relief for the Elderly Committee Report and Recommendations December 4, 2017**

## **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 2015.

Committee members are:

Paul Lindoerfer – Chairman  
Marvin Gelfand  
Renn Gordon  
Ray Longo  
Karen Martin

## **II. Committee Charter**

The charter of this committee comes from the 2015 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 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.
- B. Review of the present tax relief ordinance  
The committee reviewed all requirements and qualifications for the present tax relief program and considered a number of potential changes. These proposed changes were largely based on experience with the existing program. Section V describes these recommendations.
- 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 VI.
- D. 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

	2017	2016	2015	2014
# of Seniors Qualified	124	126	135	155
Total Relief \$'s	\$290,036	\$286,701	\$295,392	\$318,606
Avg. Relief \$'s	\$2,339	\$2,275	\$2,188	\$2,056
# New Recipients this Year	18	16	10	18
# Received relief last year, not this year	20	25	30	27
# Recipients With Tax Filing Extensions	6	4	3	11
# Recipients With Deferrals	8	5	6	7

##### Participation

There were 20 seniors who received tax relief in 2016 who did not receive it this year. The Tax Collector'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:

Income was too high to qualify this year ..... 7  
No longer lives in town ..... 3  
Deceased ..... 6  
No reason given ..... 4

#### V. 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 no changes to the Tax Relief for the Elderly ordinance in regard to the basic operation of the plan including the types of tax relief offered, the age and income requirements and the amounts of tax relief available. Thus the parameters of the program would remain as:

Age qualification ..... 65  
Maximum Qualifying Household Income ... \$85,000  
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 "2018 Tax Relief for the Elderly, Changes Recommended to the Board of Finance" dated 12/4/2017. The following is a summary of these changes:

- (1) Section 12(a): Changed "taxpayer who was qualified for tax relief" to "taxpayer who was qualified for and awarded tax relief" to clarify the intent of the ordinance in this special circumstance.
- (2) Section 12(e): Revisions to the definition of Qualifying Total Asset Value here and in Affidavit as to Assets on the last page.
- (3) Section 12(f): Added text at the end of this section to limit the time period in which an appeal or court action may be initiated.
- (4) Section 22: Clarified various aspects of the tax deferral process including how a tax deferral will work when the applicant has an extension on filing federal taxes. Identified the circumstances under which the town may include deferred taxes in a foreclosure or tax sale.
- (5) Section 24: Added this new section to document the state requirements for document retention.
- (6) Edits to clarify various aspects of the tax relief process.
- (7) Various minor wording and date changes and deletion of text that is not required.

## **VI. 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	Amount Repaid	Amount Outstdg
2009	7	38,824.70	5,546.39	25,052.84	13,771.86
2010	9	45,661.89	5,073.54	35,168.93	10,492.96
2011	12	58,449.01	4,870.75	55,206.01	3,243.00
2012	11	53,696.95	4,881.54	43,905.00	9,791.95
2013	7	35,056.02	5,008.00	16,068.30	18,987.72
2014	9	49,259.88	5,473.32	16,901.54	32,358.34
2015	8	45,529.42	5,691.18	10,894.88	34,634.54
2016	8	44,955.22	5,619.40	18,269.40	26,685.82
2017	9	73,683.35	8,187.04	0.00	73,683.35
TOTAL		445,116.44	5,563.96	221,466.90	223,649.54
AVG		8.9	49,457.38		

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

With no changes to the ordinance concerning its financial impact to the town we can expect that 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.

A check has been made to see if the town wide property reassessment that took effect this current tax year can be expected to have an effect on senior tax relief amounts for next year. (Note that the amount of tax relief a senior receives this year is calculated as a percentage of their last year's tax bill.) With all else being equal the new property evaluations along with this year's mil rate of 33.38 would have very little effect (+0.4%) on the total amount of tax relief granted.

## **VIII. Recommended Senior Tax Relief Allocation for 2018**

The committee recommends that the Town budget for tax relief for 2018 an amount equal to the tax relief granted in 2017 plus a small contingency. This would be \$300,000.