



House of Representatives

General Assembly

File No. 415

January Session, 2007

Substitute House Bill No. 6271

House of Representatives, April 10, 2007

The Committee on Planning and Development reported through REP. FELTMAN of the 6th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING MUNICIPAL PROPERTY TAX RELIEF FOR SENIORS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (f) of section 12-129n of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2007*):

4 (f) Any municipality providing property tax relief under this section
5 may establish a lien on such property in the amount of the relief
6 granted, provided if the total amount of such property tax relief with
7 respect to any such taxpayer, when combined with any such tax relief
8 for which such taxpayer may be eligible in accordance with sections
9 12-129b to 12-129d, inclusive, or 12-170aa, exceeds in the aggregate
10 seventy-five per cent of the property tax for which such taxpayer
11 would be liable but for the benefits under this section and any of the
12 sections mentioned above in this subsection, such municipality shall be
13 required to establish a lien on such property in the amount [of the total

14 tax relief granted] that such tax relief exceeds seventy-five per cent of
 15 such property tax liability, plus interest applicable to the total of such
 16 unpaid taxes at a rate to be determined by such municipality. Any
 17 such lien shall have a priority in the settlement of such person's estate.

18 Sec. 2. (NEW) (*Effective July 1, 2007, and applicable to assessment years*
 19 *commencing on or after October 1, 2007*) (a) The legislative body of any
 20 municipality may establish, by ordinance adopted by its legislative
 21 body, a program to provide property tax relief to persons sixty-five
 22 years of age and older who volunteer their services to the
 23 municipality.

24 (b) Any property tax relief under this section for any taxpayer shall
 25 not exceed seven hundred fifty dollars in any assessment year. The
 26 amount of such relief shall be determined based on the number of
 27 hours volunteered multiplied by the state minimum fair wage, as
 28 defined in subsection (j) of section 31-58 of the general statutes.

29 (c) The amount of the property tax relief shall be applied to the taxes
 30 due to the municipality and shall not be paid to the taxpayer.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2007</i>	12-129n(f)
Sec. 2	<i>July 1, 2007, and applicable to assessment years commencing on or after October 1, 2007</i>	New section

HSG *Joint Favorable C/R* PD

PD *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 08 \$	FY 09 \$
All Municipalities	Revenue Impact	See Below	See Below

Explanation

The bill reduces the lien requirements for property tax relief programs to people over the age of 65 and disabled people. This will result in future revenue loss to municipalities because they will be limited to recapturing the amount of taxes that exceeds 75% of the total tax liability instead of the full amount when the property is sold.

The bill also allows towns to establish a program to provide property tax relief to people age 65 and older who volunteer their services to the town where they live. Municipalities electing to do this will experience a revenue loss that may necessitate an increase to their mill rate or a modification to their budget to offset this loss.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 6271*****AN ACT CONCERNING MUNICIPAL PROPERTY TAX RELIEF FOR SENIORS.*****SUMMARY:**

This bill reduces the amount of a potential property lien required in certain circumstances under the law that allows municipalities to provide property tax relief to people over age 65 and disabled people. Current law requires a municipality to put a lien on the property of a person receiving the tax break when his or her tax relief equals 75% or more of the tax owed, with the lien amount equaling the entire amount of tax relief. The bill instead requires the lien amount to equal only the portion of the benefit over 75%, thus reducing the lien.

The bill also allows a municipality's legislative body to establish a program by ordinance to provide property tax relief to people age 65 and older who volunteer their services to the municipality.

EFFECTIVE DATE: October 1, 2007, except for the provisions on tax breaks for volunteers, which are effective July 1, 2007 and applicable to assessment years commencing on or after October 1, 2007.

PROPERTY TAX RELIEF***Senior Citizens and Disabled People***

By law, towns may provide optional property tax relief to people over 65 and disabled people. The law allows towns that provide this relief to impose a lien in the amount of the relief granted. But it requires towns to impose a lien when the benefits from this and two other senior tax relief programs for which an individual may be eligible reach a certain level. Specifically, the law requires a town to put a lien on the property if the total amount of tax relief from this and

the other two programs is more than 75% of the tax owed. Under current law, the lien equals the total amount of tax relief granted under all three programs. The bill instead changes the lien amount to the amount of the tax relief granted from the combined programs above 75%. Under both current law and the bill, such a lien has priority in settlement of the person's estate.

Senior Citizens Who Volunteer Their Services to a Municipality

The bill provides a property tax break for people age 65 and older who voluntarily provide services to the town where they live. The bill limits the tax break amount to \$750 per assessment year. The municipality determines the tax relief amount by multiplying the number of hours a person volunteers by the state's minimum wage and the volunteer in turn does not pay that amount of his or her property tax.

BACKGROUND

Tax Relief Programs

The other two programs counted toward the 75% threshold under the optional property tax above are the "circuit breaker" and the Property Tax Freeze programs.

The circuit breaker program (formally known as the Elderly and Totally Disabled Tax Relief Program) entitles elderly and disabled people to a property tax reduction or a rent rebate, depending on whether they are homeowners or renters. An applicant must: (1) be 65 years of age or older, have a spouse who is 65 or older, or be at least 50 and a surviving spouse of someone who at the time of death was eligible for the program; (2) occupy the property as his or her home; and (3) have lived in Connecticut at least one year before applying. For applications filed in 2006, yearly income in 2005 could not exceed \$33,900 for married couples and \$27,700 for singles. The income limits are adjusted annually for inflation (CGS §§ 12-170aa-cc).

The Elderly and Disabled (Freeze) Tax Relief Program was established in 1967. Elderly (65 years old and older) and disabled

people who applied and qualified for tax relief had their property tax frozen at that year's level, with certain adjustments, if they owned and lived in their home. No new applicants have been allowed since May 15, 1980. Anyone who was in the program before then may stay in the program as long as they continue to meet all the law's conditions and requirements. The surviving spouse of a beneficiary is entitled to the benefit if she is 50 or older, lived with the beneficiary at the time of his death, and meets the income limits (CGS §§ 12-129b).

COMMITTEE ACTION

Select Committee on Housing

Joint Favorable Change of Reference

Yea 10 Nay 0 (03/06/2007)

Planning and Development Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/21/2007)