

## Updated: Recent Changes to the Renters' Rebate Program

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### Issue

Summarize recent changes made to the Renters' Rebate Program. This report updates [OLR Report 2017-R-0266](#) (published November 7, 2017) to reflect the changes made to the 2017 bipartisan budget act by [PA 17-4](#), June Special Session (JSS) §§ 16 & 23-26.

### Summary

The budget act ([PA 17-2](#) (JSS) §§ 563-565) shifted, from the Office of Policy and Management (OPM) to municipalities, responsibility for issuing rebates under the Renters' Rebate Program. [PA 17-4](#) (JSS) §§ 23-26, effective November 21, 2017, returns responsibility for administering the program to OPM, but it requires municipalities to bear half the cost of renters' rebates, up to \$250,000 a year. For calendar year 2016 rebates, the act required OPM to prepare a list of approved rebates by November 30, 2017, which it must supplement monthly. In future years, OPM must prepare such list by October 15, as required under prior law when OPM administered the program.

[PA 17-2](#) (JSS) § 1 appropriated \$12,685,377 in FY 18 and \$13,666,177 in FY 19 to OPM for the Renters' Rebate Program. [PA 17-4](#) (JSS) § 16 increases this appropriation to \$25,020,226 in both FY 18 and FY 19.

## **Municipalities' Financial Responsibility under PA 17-4 (JSS)**

Under [PA 17-4](#) (JSS), as was the case when OPM administered the program, the state issues rebates to renters, prorating them as necessary to stay within available appropriations. But OPM must recover from municipalities 50% of the cost of issuing rebates to the municipality's residents through grant withholdings or reductions. Beginning in FY 18 and annually thereafter, OPM must select at least one state grant per municipality from which to withhold up to \$250,000 per year. The OPM secretary must transfer the amount withheld or reduced to OPM for making renters' rebate payments.

The amount of money withheld or reduced must be based on rebates for the most recent application period. OPM can only opt to withhold or reduce "state financial assistance" grants, which are grants funded by an appropriation, excluding any grant or loan financed by the proceeds of state GO bonds. (According to a November 22, 2017 OPM memorandum to municipalities, municipalities' share will be withheld from Education Cost Sharing (ECS) grants (see Attachment "A").)

## **Background on the Renters' Rebate Program**

The state's Renters' Rebate Program reimburses older adult or totally disabled renters whose incomes do not exceed certain limits. It is open to people renting an apartment or room, or living in cooperative housing or a mobile home. To be eligible, the recipient, or his or her spouse, must be (1) age 65 or older; (2) age 50 or older and the surviving spouse of a renter who at the time of the renter's death had qualified for and was entitled to tax relief, provided such spouse was domiciled with such renter at the time of the renter's death; or (3) age 18 or older with a total and permanent disability. The recipient also must have lived in the state for at least one year. Individuals apply annually to local assessors or their agents between April 1 and October 1 for reimbursement for payments made in the preceding calendar year ([CGS § 12-170d et seq.](#), as amended by [PA 17-222](#); [PA 17-2](#) (JSS); and [PA 17-4](#) (JSS)).

Rebates can be up to \$900 for married couples and up to \$700 for unmarried individuals. The rebate amount is based on a graduated income scale and the amount of rent and utility payments (excluding telephone) made in the calendar year prior to the year in which the renter applies. The maximum [eligible incomes](#) for individuals applying in 2017 were \$42,900 for married renters and \$35,200 for unmarried renters.

# Attachment “A”



STATE OF CONNECTICUT  
OFFICE OF POLICY AND MANAGEMENT  
OFFICE OF THE SECRETARY

November 22, 2017

Dear Chief Elected Municipal Official:

Yesterday, Governor Malloy signed legislation amending the state budget for fiscal years 2018-2019. These amendments address several significant problems with the budget that Governor Malloy had identified in his October 31 signing statement, including the hospital payment issues and the administration and funding of the Renters' Rebate Program. Now that the budget has been finalized, my office can resume implementing the municipal assistance components of the budget that are administered by OPM. This memo is designed to update you on the final changes to and implementation of the Renters Rebate Program, as well as to provide you with a schedule for our plans to release other municipal aid.

In reviewing this plan, you should note that the funding for some programs will be reduced to reflect holdbacks necessary to meet savings targets the General Assembly charged the administration with identifying and achieving as part of the bipartisan budget. While there has been some harsh and pointed rhetoric about our plans for achieving these savings, the reality is that Public Act 17-2 as amended by SB 1503 *requires* OPM to make reductions in General Fund allotments totaling \$881.6 million, and that we simply could not have legally achieved such a large target without impacting municipal aid to some degree.

To put it another way, if there were more politically palatable cuts to be made, the General Assembly would likely have made them explicitly rather than utilize lapses to this extent. The vast majority of these allotment reductions target state agency operations and services. Where we do impact municipal aid, the holdbacks amount to a small percentage, in most cases less than 2 percent of total town spending.

We expect payments to be made in the following order:

**Municipal Revenue Sharing program.** OPM already has completed the distribution of \$35 million to towns under this program. No monies were held back in this program.

**Renters' Rebate Program.** In its recent amendments to the budget, the General Assembly returned administration of this program from towns to OPM, but required municipalities to pay for fifty percent (50%) of the cost of the claims in their towns, up to a cap of \$250,000 per town. Although the General Assembly wanted the state and localities to split the cost of the claims under this program, the legislature also wanted claimants to receive only one check. As a result, the General Assembly directed OPM to

administer the checks, and then recover the local share by reducing or withholding payments to towns from another municipal grant program. OPM has determined that the source of the local share of the Renters' Rebate program will be the Education Cost Sharing (ECS) program. The total available funding for the Renters' program for fiscal year 2018 is \$24.4 million, which reflects a 2.5% holdback equaling \$625,506. Each individual payment will also be pro-rated to keep within the available appropriation of \$24.4 million. At this time, OPM staff are working with the Office of the State Comptroller to develop a schedule to process individual checks for the 48,500 eligible recipients. Grant payments should be mailed by the middle of December to eligible renters. The average individual grant payment is expected to be around \$490, which is similar to last year's payment.

**Reimbursement to Towns for Private Tax-exempt Property (PILOT for Colleges and Hospitals).** OPM staff are currently working with the Office of the State Comptroller to process these payments. OPM will be exercising its discretion to hold harmless Alliance Districts and Distressed Municipalities under this program. All other municipalities will have their payments reduced proportionately by roughly 41% to achieve \$2.5 million in savings. We expect municipalities to receive their payments by November 27.

**Municipal Transition (Motor Vehicle Property Tax Grants).** The Municipal Transition grant payments will not be subject to any hold back. The payments will reflect the changes made by the General Assembly in its budget (motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 39 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 39 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year commencing October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for said assessment year was 39 mills). We expect municipalities to receive their payments by November 29. OPM does not anticipate processing the supplemental motor vehicle tax grants that is contemplated in Sec. 21 of Senate Bill 1503.

**Reimbursement to Towns for Loss of Taxes on State Property (State Owned PILOT).** OPM will be exercising its discretion to hold harmless Alliance Districts and Distressed Municipalities under this program. All other municipalities will have their payments reduced proportionately by 8.47% to achieve \$1.3 million in savings. We expect municipalities to receive their payments by December 5.

**Municipal Stabilization Grants.** OPM will be exercising its discretion to hold Alliance Districts and Distressed Municipalities harmless. The grants for all other municipalities will be reduced proportionately by 7.89% to achieve \$1.4 million in General Fund savings. We expect municipalities to receive payments under this program by December 7.

**Tax Relief for Elderly Freeze Program.** We expect municipalities to receive their payments by December 11.

**Education Cost Sharing Grants.** OPM staff is working with staff at the State Department of Education to calculate these payments. Before applying the lapse savings, the appropriation for ECS was reduced by \$8.2 million to recover payments for the Renters' Rebate Program pursuant to the recent amendments to the budget. Alliance Districts were held harmless from further reduction, and grants to all other municipalities are reduced by 12.95%, to achieve General Fund savings of \$58.2 million. We expect the state Department of Education to make payments under this program by November 28.

**Property Tax Relief for Veterans.** The appropriation will be reduced by 2.5% to achieve \$9,400 in savings. In addition, each town's payment will be pro-rated to keep within the available appropriation. We expect municipalities to receive their payments by December 31, 2017.

**Property Tax Disability Exemptions.** The appropriation will be reduced by 2.5% to achieve \$69,400 in savings. In addition, each town's payment will be pro-rated to keep within the available appropriation. We expect municipalities to receive their payments by December 31, 2017.

**Mashantucket Pequot and Mohegan.** Because these grants are not paid out of the General Fund, there will be no holdbacks. We expect municipalities to receive their payments by January 1, 2018.

**Grants-in-Aid to Municipalities.** There is no plan to release these bond funds at this time. Municipalities will be notified accordingly if this changes.

**Property Tax Relief Elderly Circuit Breaker.** There is no funding in the new state budget for payments to municipalities under this program.

**Distressed Municipalities grants.** There is no funding in the new state budget for payments to municipalities under this program.

Questions regarding holdbacks should be directed to Kerry Kelley of my staff at (860) 418-6209 or [Kerry.Kelley@ct.gov](mailto:Kerry.Kelley@ct.gov). Please direct all other questions to David Kalafa of my staff at (860) 418-6221 or [David.Kalafa@ct.gov](mailto:David.Kalafa@ct.gov).

Sincerely,



Benjamin Barnes, Secretary

JSB:bs