



Senate

General Assembly

File No. 587

January Session, 2019

Substitute Senate Bill No. 140

Senate, April 10, 2019

The Committee on Planning and Development reported through SEN. CASSANO, S. of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT EXPANDING ELIGIBILITY FOR TAX RELIEF FOR CERTAIN ELDERLY HOMEOWNERS.

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

1 Section 1. Subsection (b) of section 12-170aa of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2019, and applicable to assessment years commencing on or after*
4 *October 1, 2019*):

5 (b) (1) The program established by this section shall provide for a
6 reduction in property tax, except in the case of benefits payable as a
7 grant under certain circumstances in accordance with provisions in
8 subsection (j) of this section, applicable to the assessed value of certain
9 real property, determined in accordance with subsection (c) of this
10 section, for any (A) owner of real property, [or any] including any
11 owner of real property held in trust for such owner, provided such
12 owner or such owner and such owner's spouse are the grantor and
13 beneficiary of such trust, (B) tenant for life or tenant for a term of years

14 liable for property tax under section 12-48, or [any] (C) resident of a
15 multiple-dwelling complex under certain contractual conditions as
16 provided in said subsection (j) of this section, who [(A)] (i) at the close
17 of the preceding calendar year has attained age sixty-five or over, or
18 whose spouse domiciled with such homeowner, has attained age sixty-
19 five or over at the close of the preceding calendar year, or is fifty years
20 of age or over and the surviving spouse of a homeowner who at the
21 time of his death had qualified and was entitled to tax relief under this
22 section, provided such spouse was domiciled with such homeowner at
23 the time of his death or [(B)] (ii) at the close of the preceding calendar
24 year has not attained age sixty-five and is eligible in accordance with
25 applicable federal regulations to receive permanent total disability
26 benefits under Social Security, or has not been engaged in employment
27 covered by Social Security and accordingly has not qualified for
28 benefits thereunder but who has become qualified for permanent total
29 disability benefits under any federal, state or local government
30 retirement or disability plan, including the Railroad Retirement Act
31 and any government-related teacher's retirement plan, determined by
32 the Secretary of the Office of Policy and Management to contain
33 requirements in respect to qualification for such permanent total
34 disability benefits which are comparable to such requirements under
35 Social Security; and in addition to qualification under [(A)] (i) or [(B)]
36 (ii) above, whose taxable and nontaxable income, the total of which
37 shall hereinafter be called "qualifying income", in the tax year of such
38 homeowner ending immediately preceding the date of application for
39 benefits under the program in this section, was not in excess of sixteen
40 thousand two hundred dollars, if unmarried, or twenty thousand
41 dollars, jointly with spouse if married, subject to adjustments in
42 accordance with subdivision (2) of this subsection, evidence of which
43 income shall be required in the form of a signed affidavit to be
44 submitted to the assessor in the municipality in which application for
45 benefits under this section is filed. The amount of any Medicaid
46 payments made on behalf of such homeowner or the spouse of such
47 homeowner shall not constitute income. The amount of tax reduction
48 provided under this section, determined in accordance with and

49 subject to the variable factors in the schedule of amounts of tax
50 reduction in subsection (c) of this section, shall be allowed only with
51 respect to a residential dwelling owned by such qualified homeowner
52 and used as such homeowner's primary place of residence. If title to
53 real property or a tenancy interest liable for real property taxes is
54 recorded in the name of such qualified homeowner or his spouse
55 making a claim and qualifying under this section and any other person
56 or persons, the claimant hereunder shall be entitled to pay his
57 fractional share of the tax on such property calculated in accordance
58 with the provisions of this section, and such other person or persons
59 shall pay his or their fractional share of the tax without regard for the
60 provisions of this section, unless also qualified hereunder. For the
61 purposes of this section, a "mobile manufactured home", as defined in
62 section 12-63a, or a dwelling on leased land, including but not limited
63 to a modular home, shall be deemed to be real property and the word
64 "taxes" shall not include special assessments, interest and lien fees.

65 (2) The amounts of qualifying income as provided in this section
66 shall be adjusted annually in a uniform manner to reflect the annual
67 inflation adjustment in Social Security income, with each such
68 adjustment of qualifying income determined to the nearest one
69 hundred dollars. Each such adjustment of qualifying income shall be
70 prepared by the Secretary of the Office of Policy and Management in
71 relation to the annual inflation adjustment in Social Security, if any,
72 becoming effective at any time during the twelve-month period
73 immediately preceding the first day of October each year and the
74 amount of such adjustment shall be distributed to the assessors in each
75 municipality not later than the thirty-first day of December next
76 following.

77 (3) For purposes of determining qualifying income under
78 subdivision (1) of this subsection with respect to a married homeowner
79 who submits an application for tax reduction in accordance with this
80 section, the Social Security income of the spouse of such homeowner
81 shall not be included in the qualifying income of such homeowner, for
82 purposes of determining eligibility for benefits under this section, if

83 such spouse is a resident of a health care or nursing home facility in
 84 this state receiving payment related to such spouse under the Title XIX
 85 Medicaid program. An applicant who is legally separated pursuant to
 86 the provisions of section 46b-40, as of the thirty-first day of December
 87 preceding the date on which such person files an application for a
 88 grant in accordance with subsection (a) of this section, may apply as an
 89 unmarried person and shall be regarded as such for purposes of
 90 determining qualifying income under said subsection.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2019, and applicable to assessment years commencing on or after October 1, 2019</i>	12-170aa(b)

Statement of Legislative Commissioners:

In Subsec. (b)(1)(A), "is" was changed to "are", for clarity.

PD *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Policy & Mgmt., Off.	GF - Cost	None	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 20 \$	FY 21 \$
Various Municipalities	Grand List Reduction	None	See Below

Explanation

The bill specifies that owners of real property held in trust are eligible to receive benefits under the Elderly Circuit Breaker program. To the extent that this increases the number of people eligible for the program, municipalities would experience a grand list reduction that would vary based on 1) the number of people eligible, 2) their income, and 3) the value of their property.

A grand list reduction results in a revenue loss, given a constant mill rate. In FY 19, the average benefit for eligible homeowners was about \$580.

There is a corresponding increase in the cost to fully fund the Elderly Circuit Breaker grant program to reimburse municipalities for the tax loss resulting from the tax relief program. The FY 19 full funding amount was about \$20.0 million. However, no funding was appropriated in FY 19 for these grants.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in municipal grand lists and mill rates.

OLR Bill Analysis**sSB 140*****AN ACT EXPANDING ELIGIBILITY FOR TAX RELIEF FOR CERTAIN ELDERLY HOMEOWNERS.*****SUMMARY**

By law, certain elderly and disabled real property owners are entitled to property tax relief under the state's Circuit Breaker Program (i.e., the Elderly and Disabled Homeowners' Tax Relief Program). This program entitles older adults and individuals with a permanent and total disability to a property tax reduction, which varies based on the individual's income.

This bill specifies that tax relief under this program also extends to owners of real property that is held in trust for the owner. Under the bill, to qualify for tax relief on a home that is held in trust, the owner or the owner and his or her spouse must be both the grantor and beneficiary of the trust. (A grantor transfers property to a trust that is managed by a trustee for the trust beneficiaries.)

Under existing law, unchanged by the bill, a tenant for life (i.e., an individual entitled to use the property for the duration of his or her life) is generally eligible for the Circuit Breaker Program if he or she is responsible for paying property taxes on the home he or she occupies and otherwise qualifies for the tax relief.

EFFECTIVE DATE: October 1, 2019 and applicable to assessment years beginning on or after that date.

BACKGROUND***Office of Policy and Management's (OPM) Handbook Change***

Beginning in 2018, OPM's Circuit Breaker Program guidance handbook specified that in order for an individual whose home is held

in trust to participate in the program, the home must be held in an irrevocable trust. Prior to 2018, OPM’s handbook did not distinguish between revocable and irrevocable trusts.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 22 Nay 0 (03/25/2019)