AN ACT ESTABLISHING A REVOLVING LOAN FUND TO ASSIST ELDERLY HOMEOWNERS.

SUMMARY

This bill establishes the Elderly Homeowner Property Tax Revolving Loan Fund and allows the Office of Policy and Management (OPM) secretary to make loans from the fund to income-eligible, elderly homeowners (age 65 or older) who failed to pay property taxes for at least two assessment years.

The bill (1) outlines conditions governing the loans and eligibility criteria and (2) allows OPM to adopt regulations specifying application procedures and priorities for providing the loans. The OPM secretary must create the form for applying to the program.

Under the bill, the loans must be made within available appropriations.

EFFECTIVE DATE: October 1, 2019

ELDERLY HOMEOWNER PROPERTY TAX REVOLVING LOAN FUND

The bill allows the OPM secretary to provide loans from the revolving loan fund at the prevailing interest rate to homeowners who:

1. are age 65 or older on the date they apply for a loan;

2. failed to pay property taxes for at least two assessment years on a property not otherwise encumbered;

3. have lived in the municipality where the property is located for at least 10 years before applying; and

4. in the tax year immediately preceding the application date, have
qualifying income not exceeding the income limit for the existing circuit breaker program, which is currently $36,000 for an unmarried person and $43,900 for a married couple (see BACKGROUND).

In addition, the bill allows the OPM secretary to set asset limits as a condition of eligibility.

The principal loan amount must not exceed the amount of taxes levied against the property.

If the state provides a loan, the OPM secretary has a lien on the property subject to taxes in the amount of the loan, plus interest at the prevailing interest rate. The lien has priority over all other liens on the property, except a municipal property tax lien.

**Fund Operation**

Under the bill, the fund is a separate, nonlapsing General Fund account, administered by OPM. It must have any money required by law to be deposited into it. Investment earnings credited to the fund become part of the fund's assets. Any fiscal year-end fund balance must be carried over to the next fiscal year. Principal or interest payments on loans under the bill must be remitted to the state treasurer for deposit into the fund.

The bill requires the fund to be used to (1) make loans as specified above and (2) pay reasonable and necessary expenses incurred in administering the loans.

**Eligibility for Other Tax Relief Programs**

The bill specifies that homeowners who receive loans from the fund remain eligible for other municipal property tax relief available to elderly homeowners under the local option tax relief, circuit breaker, and tax freeze programs.

**BACKGROUND**

**Circuit Breaker Program**

This program entitles seniors and homeowners who are totally
disabled to a property tax credit of up to $1,000 for single persons and $1,250 for married couples. An applicant must (1) be age 65 or older, have a spouse age 65 or older, be at least age 50 and a surviving spouse of someone who upon death was eligible for the program, or be totally and permanently disabled; (2) occupy the property as his or her home; and (3) have income under a certain threshold. The income threshold is adjusted annually (CGS § 12-170aa).

**COMMITTEE ACTION**

Aging Committee

Joint Favorable

Yea 11 Nay 0 (02/26/2019)