



# Senate

General Assembly

**File No. 118**

February Session, 2022

Substitute Senate Bill No. 171

*Senate, March 24, 2022*

The Committee on Aging reported through SEN. MILLER of the 27th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT ESTABLISHING A REVOLVING LOAN ACCOUNT TO ASSIST ELDERLY HOMEOWNERS.***

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

1 Section 1. (NEW) (*Effective October 1, 2022*) (a) For purposes of this  
2 section, "elderly homeowner" means any owner of real property liable  
3 for property taxes under chapter 203 of the general statutes, including  
4 any owner of real property held in trust for such owner, provided such  
5 owner or such owner and such owner's spouse are the grantor and  
6 beneficiary of such trust, who (1) is sixty-five years of age or older on  
7 the date of application for a loan under this section, (2) has resided in  
8 the municipality levying such property taxes for a consecutive period of  
9 not less than ten municipal tax years before the date of such application,  
10 (3) has occupied such property as his or her primary residence for a  
11 period of more than one hundred eighty-three days in at least eight of  
12 the last ten municipal tax years before the date of such application, and  
13 (4) has qualifying income in the municipal tax year immediately  
14 preceding the date of such application that does not exceed the  
15 applicable maximum qualifying income, adjusted annually, for a tax

16 reduction under section 12-170aa of the general statutes. For purposes  
17 of this subsection, qualifying income for a married homeowner shall not  
18 include the Social Security income of the spouse of such homeowner if  
19 such spouse is a resident of a health care or nursing home facility in this  
20 state receiving payment related to such spouse under the Title XIX  
21 Medicaid program.

22 (b) There is established a revolving loan account which shall be a  
23 separate nonlapsing account within the General Fund. The account shall  
24 be used to provide loans to elderly homeowners qualified pursuant to  
25 subsections (a) and (c) of this section who are delinquent on real  
26 property tax payments and shall contain any moneys required by law  
27 to be deposited in the account, including, but not limited to, payments  
28 of principal and interest on loans made from the account. The account  
29 shall be administered by the Secretary of the Office of Policy and  
30 Management and shall be used to (1) make loans pursuant to subsection  
31 (c) of this section at the prevailing rate of interest as determined by the  
32 secretary, and (2) pay reasonable and necessary expenses incurred by  
33 the secretary in administering loans under this section. Investment  
34 earnings credited to the account shall become part of the assets of the  
35 account. Payments of principal or interest on a loan made pursuant to  
36 this section shall be paid to the State Treasurer for deposit in the account.

37 (c) (1) The state, acting through and in the discretion of the Secretary  
38 of the Office of Policy and Management and within available  
39 appropriations, may provide loans to elderly homeowners who apply,  
40 on a form prescribed by the secretary, provided (A) the elderly  
41 homeowner has failed to pay taxes levied against the elderly  
42 homeowner's property under chapter 203 of the general statutes for not  
43 less than the two assessment years preceding the date of application for  
44 a loan under this section, (B) the real property subject to tax is not  
45 otherwise encumbered, (C) the principal amount of such loan does not  
46 exceed the amount of taxes, interest and fees levied against the real  
47 property, and (D) the elderly homeowner shall use the loan to pay the  
48 delinquent taxes, interest and fees. In addition to requiring that an  
49 elderly homeowner's qualifying income not exceed the applicable

50 maximum qualifying income for a tax reduction under section 12-170aa  
 51 of the general statutes, the secretary may (i) impose asset limits as a  
 52 condition of eligibility for loans provided pursuant to this section, (ii)  
 53 prescribe requirements for an elderly homeowner to prove the loan was  
 54 used for the intended purpose, and (iii) impose penalties against an  
 55 elderly homeowner who does not use the loan for the intended purpose.

56 (2) If the state provides a loan under this section, the Secretary of the  
 57 Office of Policy and Management shall have a lien on the real property  
 58 subject to taxes in the amount of such loan, plus interest at the prevailing  
 59 rate of interest as determined by the secretary. Such lien shall have  
 60 priority over all other liens on such real property except a municipal  
 61 property tax lien.

62 (3) Any financial assistance provided under this section shall not  
 63 disqualify an elderly homeowner from receiving any other benefits  
 64 under any other program for which such homeowner may be eligible.

65 (d) The Secretary of the Office of Policy and Management may adopt  
 66 regulations, in accordance with the provisions of chapter 54 of the  
 67 general statutes, to implement the provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2022	New section

**Statement of Legislative Commissioners:**

In Subsec. (b), "have fallen behind" was changed to "are delinquent" and "property tax" was changed to "real property tax" for clarity; in Subsec. (c)(1)(C), "and elderly homeowner" was deleted for accuracy; in Subsec. (c)(1)(D), "uses" was changed to "shall use" for consistency with standard drafting conventions; and in Subsec. (c)(2), "any remaining municipal property tax lien" was changed to "a municipal property tax lien" for clarity.

**AGE**      *Joint Favorable Subst.*

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 23 \$	FY 24 \$
Policy & Mgmt., Off.	Elderly Revolving Loan Fund - Cost	Up to \$334,551	Up to \$669,103

Note: GF=General Fund

**Municipal Impact:**

Municipalities	Effect	FY 23 \$	FY 24 \$
Various Municipalities	Revenue Gain	Potential	Potential

**Explanation**

There is a cost to the Office of Policy and Management, of up to \$669,103 annually, associated with administering the Elderly Homeowner Property Tax Revolving Loan program. This includes annual salary costs of up to \$335,004 and annual fringe costs<sup>1</sup> of up to \$334,099 to hire an office assistant, a paralegal, and two staff attorneys. It is anticipated that these costs would not be fully realized until FY 24, depending on the timing of personnel hires.

The cost of providing the loans would vary based on the number of people eligible, and on the size of the loans they take out. The bill allows investment earnings, including the principal and interest on the loans,

<sup>1</sup>The fringe benefit costs for employees funded out of other appropriated funds are budgeted within the fringe benefit account of those funds, as opposed to the fringe benefit accounts within the Office of the State Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes for other appropriated fund employees is 99.73% of payroll in FY 23.

to be used to fund loans under the program. The bill provides credited investment earnings to the Fund but does not specify a funding source.

To the extent that the Elderly Homeowner Property Tax Revolving Loan Fund provides homeowners who owe unpaid taxes with a way of paying those taxes, there is a revenue gain to municipalities.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of applicants and the value of the loans they receive.

**OLR Bill Analysis****sSB 171*****AN ACT ESTABLISHING A REVOLVING LOAN ACCOUNT TO ASSIST ELDERLY HOMEOWNERS.*****SUMMARY**

This bill establishes a revolving loan account and allows the Office of Policy and Management (OPM) secretary to make loans from the account to income-eligible, elderly homeowners (age 65 or older) who failed to pay real 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 to implement the bill's provisions. Under the bill, the loans must be made within available appropriations.

EFFECTIVE DATE: October 1, 2022

**LOAN ELIGIBILITY CRITERIA**

The bill allows the OPM secretary to provide loans from the revolving loan account at the prevailing interest rate determined by the secretary. The secretary may award the loans to elderly homeowners who meet the following criteria:

1. are age 65 or older on the date they apply for a loan;
2. own a property subject to property taxes, including property held in trust where the owner, or the owner and his or her spouse, is the trust grantor and beneficiary;
3. failed to pay property taxes for at least two assessment years on the property, which is otherwise unencumbered;
4. have lived in the municipality where the property is located for

at least 10 consecutive municipal tax years before applying (it is unclear whether “municipal tax years” refers to assessment or fiscal years);

5. have maintained their primary residence (at least 183 days per year) at the property for at least eight of the last 10 municipal tax years before applying; and
6. in the municipal tax year immediately preceding the application date, meet the state’s Circuit Breaker Program income limits (currently \$38,100 for an unmarried person and \$46,400 for a married couple).

Under the bill, the elderly homeowner’s income excludes his or her spouse’s Social Security income if the spouse is a resident of a health care or nursing home facility receiving Title XIX Medicaid payments. In addition, the bill allows the OPM secretary to set asset limits as a condition of eligibility.

### **LOAN CONDITIONS AND REQUIREMENTS**

The OPM secretary must prescribe the application form for the loan program. Elderly homeowners who are awarded a loan must use it to pay the delinquent taxes, interest, and fees on their property and the principal loan amount must not exceed the amount levied against it. The secretary may (1) prescribe requirements to prove that an elderly homeowner used the loan for its intended purposes and (2) impose penalties for failing to do so.

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

### **ACCOUNT OPERATION**

Under the bill, the revolving loan account is a separate, nonlapsing General Fund account administered by OPM. It must contain any money required by law to be deposited into it. Investment earnings

credited to the account become part of the account's assets. Principal and interest payments on loans under the bill must be remitted to the state treasurer for deposit into the account. The bill requires the OPM secretary to use the account to (1) make loans as specified above and (2) pay reasonable and necessary expenses incurred for loan administration.

**ELIGIBILITY FOR OTHER BENEFIT PROGRAMS**

The bill specifies that the financial assistance provided under the loan program does not disqualify elderly homeowners from any other benefits for which they may qualify.

**COMMITTEE ACTION**

Aging Committee

Joint Favorable Substitute

Yea 14 Nay 0 (03/10/2022)