

City of Middletown, CT  
Friday, July 18, 2014

## Chapter 272. TAXATION

### Article II. Senior Citizen Tax Relief

#### § 272-17. Requirements; reimbursement; eligibility.

The City hereby enacts tax relief for the elderly eligible residents of the City for the fiscal year commencing July 1, 2012, on the terms and conditions provided herein. Unless otherwise stated, tax relief shall refer to all programs in this article.

- A. Requirement. Before any tax relief shall be given, such person must first have applied and qualify for tax relief under any other state statute under which he or she is eligible. Applicants cannot combine or receive tax relief under more than one of the following local programs.
- B. Must be eligible. The application for tax relief under this article shall have been made by such person after he or she has become eligible to apply therefor.
- C. Reimbursement.

- (1) Credit. If any person with respect to whom a claim for tax relief in accordance with this section has been approved for any assessment year transfers, assigns, grants or otherwise conveys, subsequent to the first day of October but prior to the first day of August in such assessment year, the interest in real property to which such claim for tax relief is related, regardless of whether such transfer, assignment, grant or conveyance is voluntary or involuntary, the amount of such tax relief benefit, determined as the amount by which the tax payable without benefit of this section exceeds the tax payable under the provisions of this section, shall be a pro rata portion of the amount otherwise applicable in such assessment year to be determined by a fraction, the numerator of which shall be the number of full months from the first day of October in such assessment year to the date of such conveyance and the denominator of which shall be 12. If such conveyance occurs in the month of October, the grantor shall be disqualified for such tax relief in such assessment year. The grantee shall be required, within a period not exceeding 10 days immediately following the date of such conveyance, to notify the Assessor thereof, or in the absence of such notice, upon determination by the Assessor that such transfer, assignment, grant or conveyance has occurred, the Assessor shall determine the amount of tax relief benefit to which the grantor is entitled for such assessment year with respect to the interest in real property conveyed and notify the Tax Collector of the reduced amount of such benefit. Upon receipt of such notice from the Assessor, the Tax Collector shall, if such notice is received after the tax due date in the municipality, no later than 10 days thereafter mail or hand a bill to the grantee stating the additional amount of tax due as determined by the Assessor. Such tax shall be due and payable and collectible as other property taxes and subject to the same liens and processes of collection, provided such tax shall be due and payable in an initial or single installment not sooner than 30 days after

the date such bill is mailed or handed to the grantee and in equal amounts in any remaining, regular installments as the same are due and payable.

- (2) Deferral. Deferral lien will be required to be paid upon the death of the recipient, conveyance of the real property subject to such tax deferral, or when the real property subject to such tax deferral is no longer the recipient's primary residence. The Assessor will notify the Tax Collector upon verification that the applicant is no longer eligible.

Repayment is due no later than 60 days from the Tax Collector's written request.

- D. Reimbursement upon death. All benefits shall be reimbursed to the City upon the death of the recipient or conveyance of the real property subject to taxation in accordance with Subsection F of this section.

- E. No delinquent taxes. There must be no delinquent taxes on the real property as of the close of the application period (May 15). This will apply to new applicants and at the time of renewal. Current participants will not be grandfathered.

F. Residency.

- (1) Such person shall have owned real property in the City for at least one year prior to the start of receiving benefits, i.e., July 1, per C.G.S. § 12-129n, and shall have paid real estate taxes on a residence to the City for a period of one year per C.G.S. § 12-129n, prior to his or her application for tax relief.
- (2) The real property for which the exemption is claimed must be the legal domicile of such person, and such person shall be present in residence therein for at least 183 days in each grand list year for which the exemption is claimed. Such claim for exemption shall be for one residence only.
- (3) Either spouse shall have resided within this state for at least one year before filing a claim under this section.
- (4) In any case where title to the real property is recorded in the name of the taxpayer or his spouse and/or any other person or persons, the tax relief granted herein shall be prorated to reflect the fractional share of such taxpayer or spouse; and, furthermore, if such property is occupied as a multiple-family dwelling, such relief shall be prorated to reflect the fractional portion of such property occupied by the taxpayer. Any homeowner qualified for tax reduction shall in no event receive less in tax credit than the minimum amount.

## § 272-18. Extent of credit.

The tax credit for real property as provided herein shall apply only to the residence itself, the lot on which the residence is located and the improvements thereon. Only that portion of the lot equal to the minimum zoning requirement where the lot is situated shall receive tax credit.

## § 272-19. Application; certificate of tax credit; appeals.

- A. Any eligible taxpayer, or his or her authorized agent, shall file an application for tax relief under this article with the Tax Assessor of the City, between February 1 and through May 15 on a form prescribed and furnished by the City. In making such application, the taxpayer shall present to the Tax Assessor a copy of his or her federal income tax return for the previous calendar year, or if not required to file a return, such other evidence of qualifying income which the Tax Assessor may reasonably require to establish compliance with the income qualifications provided in this article. The applicant, or his or her authorized agent, shall sign a sworn affidavit, in the presence of the Tax Assessor or a member of the Tax Assessor's staff, affirming the accuracy of the statements in the application.

- B. When the Tax Assessor is satisfied that the applying taxpayer is entitled to tax relief under this article, he shall compute the amount of such tax relief or tax deferral and cause a certificate of tax credit to be issued in such form as to permit the Tax Collector to reduce the amount of tax levied against the taxpayer and make proper record thereof, and a copy thereof shall be delivered to the applicant. The tax credit shall be applied proportionately to the tax payments.
- C. Any person aggrieved by the decision of the Tax Assessor may appeal to the Board of Assessment Appeals in accordance with the provisions of C.G.S. §§ 12-111 and 12-112.
- D. Affidavits, applications or other documents presented in support of the application for tax relief shall not be open for public inspection and shall not be disclosed except in case of an appeal or in connection with claims of fraud to the proper authorities.
- E. Any person entitled to the tax relief pursuant to this article is required to file biennially for the benefit; however, if the taxpayer's income exceeds or changes under this article, and as set forth under Subsection B above, said person shall be required to reapply.

## **§ 272-20. Age and income qualifications; local option tax credits and deferrals.**

As provided under C.G.S. § 12-129n, any person who owns real property in the City or who is liable for the payment of taxes thereon under C.G.S. § 12-48 and occupies that property as his or her own principal residence, shall be eligible for the real property tax relief set forth in this article, provided all of the following conditions are met:

### **A. Age. Applicants must be:**

- (1) Sixty-five years of age and over, or whose spouses, living with them, are 65 years of age or over or 60 years of age or over and the surviving spouse of a taxpayer qualified in such municipality under this section at the time of his or her death or with respect to real property on which such residents or their spouses are liable for taxes under C.G.S. § 12-48; or
- (2) Under age 65 and eligible in accordance with applicable federal regulations to receive permanent total disability benefits under social security, or have not been engaged in employment covered by social security and accordingly have not qualified for benefits thereunder, but have become qualified for permanent total disability benefits under any federal, state or local government retirement or disability plan, including the Railroad Retirement Act and any government-related teacher's retirement plan, in which requirements with respect to qualifications for such permanent total disability benefits are comparable to such requirements under social security.

**B. Income.** The purpose of this article is to provide tax relief based upon the total income available to the applicant(s) in the home without regard to the exclusion of certain income or to certain deductions which might otherwise be allowable by the Internal Revenue Service Code of 1986, as may be amended from time to time. Such person(s) shall have individually, if unmarried, or jointly, if married, qualifying income in an amount not to exceed limits described below for the tax year ending immediately preceding the application for tax relief benefits. Accordingly, qualifying income is defined as set forth below.

- (1) "Income" is the total income in the home shown on Line 22 of the current IRS Form 1040 (or Line 15 of the current IRS Form 1040A) plus nontaxable income received from social security plus federally tax exempt interest or other income and includes income paid to or given to the applicant or his or her eligible spouse by persons living in the home.
- (2) In determining the total income in the home there shall be no allowance for:
  - (a) Business losses in excess of business gains (current IRS Form 1040 Schedule C or

## Schedule C-EZ);

- (b) Losses in excess of gains on current IRS Form 1040 Schedule E (Page 1, line 17) (rental real estate, royalties, partnerships, S corps, trusts, etc.); and/or
- (c) Negative income on current IRS form, Line 21.

- (3) The reference to current IRS forms shall include comparable data as contained in any revised IRS forms.
- (4) Where an applicant does not file an IRS form, the information used to calculate total income in the home, shall be the information which would have been included on an IRS form, had one been filed, i.e., SSA-1099; 1099-Div.; 1099-Int.; 1099-R; etc.
- (5) In the event of a question with respect to income or a claimed exemption of income, or deduction from income, not specifically referred to in this section, the Assessor shall make a determination based upon the purpose of this article. Any dispute on this section, or any other section, may be appealed to the Board of Assessment Appeals.

C. Local option tax credits. All applicants who make up to \$5,000 more than the maximum income requirements under the State of Connecticut Elderly and Totally Disabled Tax Relief Program, and adjusted annually, may apply for a Local City of Middletown Option. The income guidelines may change annually based on the income levels declared by the State Department of Office of Policy and Management and Intergovernmental Policy Division as provided under C.G.S.

## § 12-170aa.

- (1) Qualified married applicants shall be entitled to the lesser of 5% of the current net property taxes, or a maximum City property tax credit of \$200, or a minimum property tax credit of \$100 unless otherwise entitled to a property tax credit through the State Office of Policy and Management and Intergovernmental Policy Division as provided under C.G.S. § 12-170aa.
- (2) Qualified unmarried applicants shall be entitled to the lesser of 5% of the current net taxes, to a maximum City property tax credit of \$150, or minimum credit of \$50 unless otherwise entitled to a property tax credit through the State Office of Policy and Management and Intergovernmental Policy Division as provided under C.G.S. § 12-170aa.
- (3) Any applicant who qualifies for a property tax credit through the State Office of Policy and Management and Intergovernmental Policy Division as provided under C.G.S. § 12-170aa shall receive a minimum city property tax credit of \$50.

## D. Local option tax deferral.

- (1) The benefit shall be up to 100% of tax due less amounts received under state elderly tax relief programs.
- (2) All benefits shall be reimbursed in accordance with § 272-17C and D.
- (3) The amount of such tax deferral, plus interest calculated at the rate of 1 1/2% of such tax for each month or fraction thereof which elapses from the time when such tax becomes due and payable until the same is paid, shall be recorded on the land records of the City and shall constitute a lien on the property. Any such lien shall have a priority in the settlement of such person's estate.
- (4) Total deferments plus interest for all years shall not exceed the assessed value of the real property.

## § 272-21. Local option tax freeze.

As provided under C.G.S. § 12-170v, which authorizes municipalities to freeze taxes for qualifying seniors, any person who owns real property in the City or who is liable for the payment of taxes thereon under C.G.S. § 12-48 and occupies that property as his or her own principal residence,

shall be eligible for the real property tax relief set forth in this article, provided all of the following conditions are met:

A. Age. On December 31 of the calendar year preceding the year in which a claim is filed, be:

- (1) Seventy years of age or over;
- (2) The spouse of a person, 70 years of age or over, provided such spouse is domiciled with such person; or
- (3) Sixty-two years of age or over and the surviving spouse of a taxpayer who at the time of such taxpayer's death had qualified and was entitled to tax relief under this section, provided such surviving spouse was domiciled with such taxpayer at the time of the taxpayer's death.

B. Income.

- (1) The taxable and nontaxable income of such taxpayer, the total of which shall hereinafter be called "qualifying income," in the tax year of such homeowner ending immediately preceding the date of application for benefits under the program in this section, was not in excess of limits set forth in C.G.S. § 12-170aa, as adjusted annually, evidence of which income shall be submitted to the Assessor in the municipality in which application for benefits under this section is filed in such form and manner as the Assessor may prescribe. The amount of any Medicaid payments made on behalf of such homeowner or the spouse of such homeowner shall not constitute income. The income of the spouse of such homeowner shall not be included in the qualifying income of such homeowner for purposes of determining eligibility for tax relief under this section, if such spouse is a resident of a health care or nursing home facility in this state, and such facility receives payment related to such spouse under the Title XIX Medicaid program.
- (2) Each applicant shall sign an affidavit (City application) and IRS Form 4506, allowing the City to verify the prior two years' tax returns, certifying that the information provided with respect to such applicants' total income in the home is true and accurate to the best of the knowledge of the applicant.
- (3) The taxpayer may have no more than \$125,000 in assets, excluding the residence for which relief is sought.

C. Change of assessment. In the event that the applicant shall make improvements to his property resulting in an increase in his assessment, an amount calculated by multiplying the increase in taxpayer's assessment attributable to the improvement by the mill rate in effect in the year such reassessment takes place shall be added to the freeze amount then applicable to obtain a revised freeze amount which will be the freeze amount for subsequent assessment years.

D. Effective date. The tax freeze pursuant to this section shall take effect with the next tax bill.

## § 272-22. Effective date; expiration.

### **[Amended 3-3-2014 by Ord. No. 04-14]**

A. This article shall apply to the taxes for the fiscal year beginning July 1, 2013. Any amendments to the ordinances in this article shall be effective as of the date set forth in said section.

B. This tax relief shall continue in effect until repealed by further action of the Common Council.