THESE MINUTES ARE SUBJECT TO APPROVAL BY THE BOARD OF FINANCE

The Board of Finance held a regular on Thursday, May 25, 2017 in the Council Chambers at the Municipal Center, 3 Primrose Street, Newtown, CT. Chairman John Godin called the meeting to order at 7:30pm.

Present: James Gaston, John Godin, Kelley Johnson, Mark Boland, Sandy Roussas
Absent: Aaron Carlson
Also Present: Finance Director Robert Tait, First Selectman Pat Llodra, 4 members of the public and 2 members of the press.

VOTER COMMENT – Steve Rosenblatt, 50 Watkins Drive – Thanked the BOF members for taking up discussion regarding senior tax relief. He requested to expand the current tax relief to include all seniors, to keep them in Newtown and attract seniors to settle here. Seniors will always be the best asset for the town.

Paul Mangifeco, 15 Kent Road –He has talked to a lot of senior citizens in town. They are really hurting. Senior citizens do not show up at Town meetings and yet they have very strong feelings about things. Their absence is noticed a lot. Look at the number of homes for sale and the number of seniors that are leaving town. He has been told town employees can't even afford to live here. Can there be relief for a given population? Why should a senior get a break? Because they are on a fixed income and they are not increases like the working group. He would implore them to think about giving this group some relief. Develop a program for seniors, because they need it and it is the right thing to do.

Rudy Magnan, 60 Watkins Drive –They have watched the current tax relief program not reaching everyone because there is always money left over from the fund that is allotted each year. Here is an opportunity to show some compassion. Seniors are going to be forced to sell their home and move south. There has to be compassion so some of them can stay. It is a good plan, it is reasonable, it isn't putting a burden on the town budget and seniors don't grt much of a return on the taxes they pay. He articulated that the from the body language of the Board it looks like it goes in one ear and out the other. Seniors don't come to meetings because they feel nothing will change. They can change that.

First Selectman Pat Llodra – Explained that she is a fiscal conservative. Currently, the program is needs base but she has spent some time talking to Redding and Ridgefield about their programs and how they work. The origin of the program in Redding was to keep seniors in town so new people didn't move in. They are not facing that problem anymore but they continue the program. They have learned over the years is that they have recognized that it is an investment in their community.

COMMUNICATIONS – None

MINUTES – Mr. Gaston move to accept the minutes of the 5/8/17 meeting. Ms. Johnson seconded. Ms. Johnson made the correction under Public Participation, after Jeff Jackson, 6

Rowledge Pond – it is Mr. Jackson, not Johnson. Motion approved with correction (one abstain, Boland).

Mr. Gaston moved to accept the minutes of the 5/16/17 special meeting. Mr. Boland seconded motion unanimously approved

FIRST SELECTMAN REPORT – There is not a definite outcome from the state budget. We have received state aid of $7 million and built in a $3 million reduction into the 17/18 budget. There are 4 proposals out there, the Governors, State Republicans, House Republicans and the Democrats. The legislature does not have the teachers' pension in the proposal. There is still a long way to go and there are huge gaps in how they intend to manage the deficit. The deadline is June 7th but that doesn't look it will happen but they have not said there will be a special session.

FINANCE DIRECTORS REPORT – Mr. Tait explained that at the last meeting he announced that the state was going to take away the third payment from the Pequot/Mohegan fund grant, which is $303,000 but there is still a possibility that we will get it.

Moody's e-mail Mr. Tait regarding a new annual report regarding Newtown. It informs investors regarding the town but not with full financials (Attachment A).

UNFINISHED BUSINESS

Senior Tax Relief – Mr. Tait presented a proposed senior tax relief program for discussion purposes (Attachment B). The current plan stays in place; this is in addition, doubling the allocated budget amount. This is for seniors that don't qualify for the current plan.

Mr. Godin explained that he is for testing from an income standpoint. He is also supportive in increasing the income limits to capture more. He is not a big supporter of deferrals.

Mr. Gaston explained that he has researched this topic in great detail using 25 well researched papers. He agrees that needs based is important and you are asking other lower wage makers to support this but not only for the needy but for the well off too. He is challenged with that. If you are talking a pure economic issue or a use issue, maybe we should start at age 50 or 55 because they would have their kids out of the school system. There are other community members that are struggling to pay for the well off. We want young people, middle aged and seniors, we need diversity.

One assumption is the senior will add economic growth to Newtown. Would people from other states move to Newtown because of tax relief? The research says no. It does not impact interstate migration. Property tax breaks cause seniors to migrate intrastate? The studies show that it would. This is needs based and it is positive, there is no empirical that he could find on whether wealthier people will move to your town if they get a tax break. If someone is comfortable with their town, would they move to Newtown for a tax break? Intuitively they would not. Newtown is a higher tax town, we are ranked 26 out of 168. Who are we going to draw from? One thing he noticed in the 2010 report, they did not use deferments because less than 1% of seniors use it. We should keep the needs base, put deferments on the shelf for a while. If they increase the amount of tax credits we may well find that we attract seniors into town, and that would be good. We should keep the groupings as they are and discuss if they should have more than a 1 year residency requirement.

Mr. Godin read Mr. Carlson comments (Attachment C).

Mr. Tait ran different scenarios. If the cap for 10% was 600 and 13% at 850, the cost would be $1,200,000. If the cap was 500 for 10% and 750 for 13%, the cost would be $1,050,000.

Ms. Johnson explained that she was thinking about aging in place. We have to get to a place we are not trying to make a barrier for children and a barrier for seniors. We are losing site of the fact that this is a gift from the community, there is no free money. We have to think about who we are going to get to pay the delta. Does $500 or $1000 on the average $8700 tax bill move the need. She would be in favor to put deferral on the back burner. She would be in favor in increasing the income level but also decreasing the assets.

Ms. Roussas explained that she is not in favor of the deferment. We need to refocus and remind ourselves that we have a very generous program. She would be interested in enhancing the current program.

Mr. Boland articulated that we all benefit from good schools and roads and it is an expensive town. He thinks we have to do a better job looking at areas where you can save money. He agrees that he would like to see the credit increased on a needs basis.

First Selectman Llodra explained in the elderly/disabled tax relief (Attachment D) there are people 5 people don't qualify because of back taxes. Mr. Gaston suggested that there is a possibility that they can increase the time frame of being behind in taxes to three years.

Mr. Godin provided a recommendation (Attachment E) He is proposing increases to each one of the tiers and increasing the top tier income to 80,000.

Mr. Godin moved option A (Attachment E) which is an increase in the benefit in tier A $250, tier B $150, tier C $100 and tier D $50, increase the income range cap for tier D to $80,000 with no change in asset test, no change in residency requirement, and no change if funding allocation. Ms. Roussas seconded. Mr. Gaston moved to amend the motion increasing the income range cap for tier D to $75,000. Ms. Johnson seconded. Amended motion passes 3 yes (Boland, Johnson, Gaston) to 2 no (Godin, Roussas).

Mr. Gaton moved that the Board of Finance make a recommendation to the Legislative Council regarding their vote on Option A with respect to maintaining the other caps and limitations and to include a discussion with respect to delinquent taxes, not necessarily exempting from the senior tax relief for a period of time. If there is a payment plan in place, they are not considered delinquent. Ms. Johnson seconded. Motion unanimously approved.

Voter Comments – Larry Passaro, 10 Flat Swamp Road – He recognizes that the BOF has a difficult job. To those seniors who say, why should I pay for the education because they do not have children in the school system, it improves the community. He is hearing us against them.

The way they are approaching this is to try to share it with everyone but you will not make everyone happy.

Steve Rosenblatt, 50 Watkins Drive – Suggested instead of lowering the income cap to $75,000, raising it to $85,000 that is where the hurt begins. Give the highest incentive to the new group coming in and work it up from there. Of the people in the first category, 416 people on average receive a 54% tax abatement. If you dug into the facts, you would find that most of them are at 75% and can't go further. If you reverse the increases and give back to the $80-85,000, you would be helping more people rather than throwing more money at the lowest group which is the poorest in town. It doesn't make sense to him.

Announcements – Next meeting will be a discussion regarding the CIP.

Having no further business, the meeting was adjourned at 9:38pm

Respectfully Submitted,
Arlene Miles, Clerk

Attachment A

MOODY'S
INVESTORS SERVICE

ISSUER COMMENT
16 May 2017

RATING

General Obligation (or GO Related) [1]

Aa1 No Outlook

Contacts

Gregory Max Sobel 212-553-9587
Associate Analyst
gregory.sobel@moodys.com

Thomas Jacobs 212-553-0131
Senior Vice President
thomas.jacobs@moodys.com

Town of Newtown, CT

Annual Comment on Newtown

Issuer Profile

The Town of Newtown is located in Fairfield County in southwestern Connecticut, approximately 20 miles northwest of New Haven and five miles east of Danbury. Fairfield County has a population of 945,438 and a population density of 1,513 people per square mile. The county's per capita personal income is $98,688 (1st quartile) and the November 2016 unemployment rate was 3.6% (2nd quartile). [2] The largest industry sectors that drive the local economy are finance/insurance, health services, and retail trade.

Credit Overview

Newtown's credit position is very strong, and its Aa1 rating is higher than the median rating of Aa3 for US cities. Key credit factors include a superior economic profile with a sizable tax base, and a negligible pension burden with a small debt liability. It also takes into account a solid financial position.

Economy and Tax Base: The town has a very healthy economy and tax base overall, which are comparable to the assigned rating of Aa1. The median family income is a robust 202.6% of the US level. Additionally, Newtown's full value per capita ($162,673) is materially above other Moody's-rated cities nationwide and grew modestly from 2013 to 2016. However, the total full value ($4.6 billion) exceeds the US median.

Debt and Pensions: The town has manageable debt and pension burdens, which are consistent with its Aa1 rating. The Moody's-adjusted net pension liability to operating revenues (0.24x) favorably is materially below the US median, although this metric unfavorably rose slightly between 2013 and 2016. In addition, the net direct debt to full value (1.6%) is slightly above other Moody's-rated cities nationwide.

Finances: The financial position of Newtown is sound in comparison to the assigned rating of Aa1. Connecticut local governments tend to have financial ratios lower than US medians because they generally derive a majority of revenues from stable property taxes and their financials typically incorporate school operations which are predictable. As such, the town's net cash balance as a percent of revenues (17.3%) is materially lower than the US median, although this percentage rose modestly from 2013 to 2016. Moreover, the available fund balance as a percent of operating revenues (10.3%) is well under the US median.

Management and Governance: Balanced financial operations demonstrate sound financial management. In this situation, Newtown's operations were approximately break-even and during this time, the tax base increased modestly.

Connecticut cities have an Institutional Framework score [3] of Aa, which is high compared to the nation. Institutional Framework scores measure a sector's legal ability to increase revenues and decrease expenditures. Connecticut cities' major revenue source, property taxes, is not subject to any caps. Unpredictable revenue fluctuations tend to be minor, or under 5% annually. Across the sector, fixed and mandated costs are generally greater than 25% of expenditures. Connecticut has public sector unions and additional constraints, which limit the ability to cut expenditures. Unpredictable expenditure fluctuations tend to be minor, under 5% annually.

Sector Trends - Connecticut Cities

Connecticut cities will generally benefit from an improving state economy that is experiencing a continued, albeit lagging, recovery from the recession. Cities will also continue to benefit from high resident wealth levels and generally strong housing values. Property tax revenues will continue to rise due to stabilizing residential and commercial real estate markets. However, Connecticut cities will remain somewhat challenged by state level fiscal uncertainty and a high cost of living and doing business, which encourages out-migration and could curb new housing demand.

EXHIBIT 1

Key Indicators [4] [5]

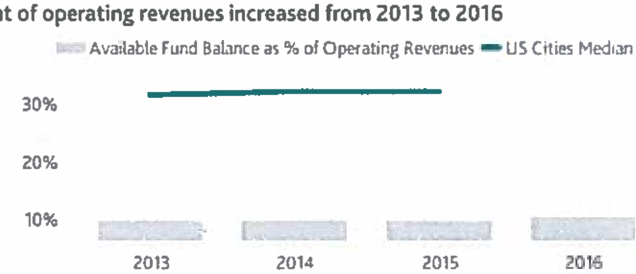
Newtown, CT

	2013	2014	2015	2016	US Median	Credit Trend
Economy / Tax Base						
Total Full Value	$4,362M	$4,340M	$4,618M	$4,558M	$1,722M	Stable
Full Value Per Capita	$157,070	$155,213	$164,847	$162,673	$85,195	Stable
Median Family Income (% of US Median)	193.6%	201.4%	202.6%	202.6%	115.2%	Improved
Finances						
Available Fund Balance as % of Operating Revenues	9.7%	9.7%	9.6%	10.3%	32.1%	Stable
Net Cash Balance as % of Operating Revenues	15.5%	20.0%	24.3%	17.3%	34.4%	Stable
Debt / Pensions						
Net Direct Debt / Full Value	1.8%	1.8%	1.5%	1.6%	1.2%	Stable
Net Direct Debt / Operating Revenues	0.69x	0.64x	0.57x	0.59x	0.94x	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Full Value	0.38%	0.44%	0.46%	0.63%	1.7%	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Operating Revenues	0.14x	0.16x	0.18x	0.24x	1.35x	Stable

Source: Moody's Investors Service

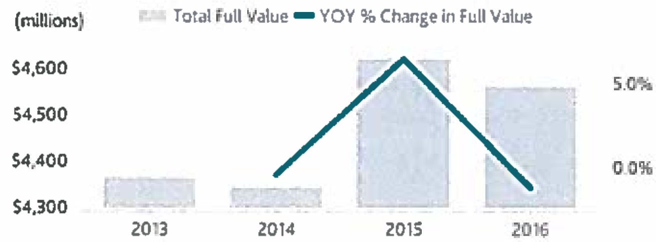
EXHIBIT 2

Available fund balance as a percent of operating revenues increased from 2013 to 2016



Source: Issuer financial statements, Moody's Investors Service

EXHIBIT 3
Total full value grew between 2013 and 2016



Source: Issuer financial statements, Government data sources, Offering statements, Moody's Investors Service

EXHIBIT 4
Moody's-adjusted net pension liability to operating revenues increased from 2013 to 2016

Source: Issuer financial statements, Government data sources, Offering statements, Moody's Investors Service

Endnotes

1 The rating referenced in this report is the government's General Obligation (GO) rating or its highest public rating that is GO-related. A GO bond is generally a security backed by the full faith and credit pledge and total taxing power of the local government. See Local Government GO Pledges Vary Across States . for more details. GO-related ratings include issuer ratings, which are GO-equivalent ratings for governments that do not issue GO debt. GO-related ratings also include ratings on other securities that are notched or otherwise related to what the government's GO rating would be, such as annual appropriation, lease revenue, non-ad valorem, and moral obligation debt. The referenced ratings reflect the government's underlying credit quality without regard to state guarantee or enhancement programs or bond insurance.

2 The per capita personal income data and unemployment data for all counties in the US census are allocated to quartiles. The quartiles are ordered from strongest-to-weakest from a credit perspective: the highest per capita personal income quartile is first quartile, and the lowest unemployment rate is first quartile. The first quartile consists of the top 25% of observations in the dataset, the second quartile consists of the next 25%, and so on. The median per capita personal income for US counties is $46,049 for 2014. The median unemployment rate for US counties is 5.1 % for June 2016.

3 The institutional framework score measures a municipality's legal ability to match revenues with expenditures based on its constitutionally and legislatively conferred powers and responsibilities. See US Local Government General Obligation Debt (January 2014) for more details.

4 For definitions of the metrics in the Key Indicators Table, US Local Government General Obligation Methodology and Scorecard User Guide (July 2014) . The population figure used in the Full Value Per Capita ratio is the most recently available, most often sourced from either the US Census or the American Community Survey.

Similarly, the Median Family Income data reported as of 2012 and later is always the most recently available data and is sourced from the American Community Survey. The Median Family Income data prior to 2012 is sourced from the 2010 US Census. The Full Value figure used in the Net Direct Debt and Moody's-adjusted Net Pension Liability (3-year average ANPL) ratios is matched to the same year as audited financial data, or if not available, lags by one or two years.

Certain state-specific rules also apply to Full Value. For example, in California and Washington, assessed value is the best available proxy for Full Value. Certain state specific rules also apply to individual data points and ratios. Moody's makes adjustments to New Jersey local governments' reported financial statements to make it more comparable to GAAP.

Additionally, Moody's ANPLs reflect analyst adjustments, if any, for pension contribution support from non-operating funds and self-supporting enterprises. Many local government pension liabilities are associated with its participation in the statewide multiple-employer cost-sharing plans. Metrics represented as N/A indicate the data were not available at the time of publication.

5 The medians come from our most recently published local government medians report. Medians – Growing Tax Bases and Stable Fund Balances Support Sector's Stability (March 2016). The medians conform to our US Local Government General Obligation Debt rating methodology published in January 2014.

As such, the medians presented here are based on the key metrics outlined in the methodology and the associated scorecard. The appendix of this report provides additional metrics broken out by sector, rating category, and population. We use data from a variety of sources to calculate the medians, many of which have differing reporting schedules. Whenever possible, we calculated these medians using available data for fiscal year 2014.

However, there are some exceptions. Population data is based on the 2010 Census and Median Family Income is derived from the 2012 American Community Survey. Medians for some rating levels are based on relatively small sample sizes. These medians, therefore, may be subject to potentially substantial year-over-year variation. Our ratings reflect our forward looking opinion derived from forecasts of financial performance and qualitative factors, as opposed to strictly historical quantitative data used for the medians.

Our expectation of future performance combined with the relative importance of certain metrics on individual local government ratings account for the range of values that can be found within each rating category. Median data for prior years published in this report may not match last year's publication due to data refinement and changes in the sample sets used, as well as rating changes, initial ratings, and rating withdrawals.

REPORT NUMBER 1070498

MOODY'S
INVESTORS SERVICE

Attachment B

PROPOSED SENIOR TAX RELIEF PROGRAM (FOR DISCUSSION PURPOSES)

DATA COLLECTION PROCESS:

- REGISTRAR OF VOTERS AGE 65+ LIST WAS SORTED INTO TWO AGE GROUPS; 65-74 & 75+
- MERGED REGISTRAR OF VOTERS AGE 65+ LIST WITH THE 2015 GRAND LIST DATA
    - GRAND LIST PROVIDES NAME OF HOME OWNER AND THE ANNUAL REAL ESTATE TAX AMOUNT
- AGE 65+ VOTERS WITH THE SAME ADDRESS WERE MERGED TO GET THE 65+ NUMBER OF HOUSEHOLDS
- SENIORS RECEIVING TAX CREDIT WERE TAKEN OF LIST
- RENTERS WERE ELIMINATED BY COMPARING THE VOTER NAME WITH THE HOME OWNER NAME FROM THE GRAND LIST DATA. IF THE NAMES DID NOT MATCH THEY WERE CONSIDERED RENTERS.
- THE RESULTING LIST OF DATA REPRESENTS THE NUMBER OF TAX PAYING SENIOR HOUSE HOLDS GROUPED INTO TWO AGE GROUPS (65-74 & 75+).

DATA SUMMARY:

OF SENIORS 65+ ON THE REGISTRAR OF VOTERS LIST.. 4,614

OF SENIOR 65+ HOUSEHOLDS.. 3,283

OF SENIOR 65+ TAX PAYING HOUSEHOLDS (REST ARE RENTERS)..2,530

OF SENIOR 65+ TAX PAYING HOUSEHOLDS LESS SENIORS ON CURRENT TAX CREDIT PROGRAM.....1,827

AGE GROUP BREAKDOWN OF TAX PAYING HOUSEHOLDS:

65 – 74.....................................1,088

75+...739

SENIOR 65+ AVERAGE TAX BILL...$8,730

PROPOSED SENIOR TAX RELIEF PROGRAM SCENERIOS:

		TOTAL COST	AVERAGE TAX CREDIT 65-74	AVERAGE TAX CREDIT 75+
SCENERIO #1				
65 – 74	10% CREDIT WITH $850 CAP	$1,473,000	$729	$922
75+	13% CREDIT WITH $1,100 CAP			
SCENERIO #2				
65 – 74	10% CREDIT WITH $1,000 CAP	$1,572,000	$782	$977
75+	13% CREDIT WITH $1,250 CAP			

CONSIDERATIONS:

- # SENIORS NOT REGISTERED; THE SIZE OF THE 60-64 TAX PAYER GROUP; PROGRAM PARTICIPATION RATE.

Note: one mill = $3,065,000

R.T. 5/2017

Attachment C

SENIOR TAX RELIEF GOAL CONSIDERATIONS

1. Do not increase complexity to the program
2. Support the most needy senior residents
3. Retain long-term senior residents
4. Due to state financial circumstances, do not increase overall town annual outlay ($1.4MM)

SENIOR TAX RELIEF RECOMMENDATIONS

1. Do not increase complexity to the program
   a. Continue with the credit program
2. Support the most needy senior residents
   a. Increase the tax credit by $300 in Group A (the lowest bracket)
   b. Reduce the QTAV test (qualifying total asset value) to $1.0MM
   **I am personally in support of utilizing an asset value range, but know there is likely not going to be a majority in this*
3. Retain long-term senior residents
   a. Increase the residency requirement from 1 year to 5 years
4. Due to state financial circumstances, do not increase overall town funding responsibility
   a. Reduce the appropriation cap amount for Group A-C from $1.5MM to $1.4MM
   b. Reduce the appropriation cap amount for Group D from $0.15MM to $0.10MM
   c. These reductions still leave room for increased applications, however the residency requirement and QTAV reduction would likely help us avoid risk of exceeding reduced cap amounts

FOLLOW-UPS FROM 5-8-17 MEETING

1. Bob provided 2 years of comparison to review turnover in 1 year
   a. Data shows only 11-13% turnover, a couple of records appear to be repeats with different 'Bill #', however these are immaterial
   b. A portion of this turnover is likely to repeat over time based on actual senior housing availability
   c. I believe a 5 year residency requirement will not impact a significant amount of our current applicants; however, will show our commitment to long-term residents over time
2. I am not in support of a general tax credit to all senior residents at this time
   a. I have no data that states the financial burden and implications to the other Newtown residents for such a significant commitment
   b. I have been unable to find concrete examples in other communities that such an investment will support long-term financial health of our community as a whole
   c. Knowing that some long term benefits for the community do exist this is a valid consideration; however, the timing is inappropriate with the heavy state debt burden weighing on our community (other residents cannot afford to subsidize this cost at this point in time)

-Aaron Carlson

Real Estate Excel file extract

Tier	Count of TOWN BENEFIT	Act Town Bene $ (Adj'd)	Town Benefit adj $ due to max 75%	
408	1	$408	$0	
650	3	$1,950	$0	
720	1	$687	$33	
800	41	$32,800	$0	Group D
842	3	$2,525	$0	
858	1	$858	$0	
875	2	$1,750	$0	
1,263	1	$1,263	$0	
1,300	107	$138,771	$329	Group C
1,750	126	$218,533	$1,967	Group B
2,096	1	$2,096	$0	
2,525	416	$1,006,321	$44,079	Group A
3,825	1	$3,825	$0	
5,050	1	$4,116	$934	
Grand Total	705	$1,415,903	$47,341	

OUTLIERS (blank)

				IF INCREASED LOWEST TIER BY $300		
Tier	Count of TOWN BENEFIT	Count of MAX DISC (75%)	Avg of DISCOUNT %	Sum of Increase	Count of NEW MAX DISC (75%)	Average of NEW DISCOUNT %
800	41		13.7%			13.7%
1,300	107	1	21.5%			21.5%
1,750	126	3	32.5%			32.5%
2,525	416	58	53.9%	$103,920	86	60.1%
Grand Total	690	62	42.6%	$103,920	86	46.3%
% of 2,525 Tier AT MAX		14%			21%	

*REMOVED 15 OUTLIERS NOT IN LINE WITH TIERS

-Increasing Group A by $300 would effectively increase credits by $104k and increase the lowest tier from 14% receiving maximum 75% benefit to 21% receiving the maximum benefit

-Based on prior year data

-factors in 75% maximum caps

-Even though we would increase the benefits for the lowest tier in this scenario, we should be able to cover this expense with the implementation of the residency requirement and asset value limit reduction (this would factor an approximate 7% decrease in eligibility or 10 applicants)

WHAT WOULD THE CHANGES LOOK LIKE? (RED)

Newtown Code Chapter 208 Article I

Purpose.
The Town of Newtown hereby modifies its program of tax relief for the elderly pursuant to § 12-129n of the General Statutes of Connecticut for eligible residents of the Town of Newtown for the fiscal year commencing July 1, 2014, on the terms and conditions provided herein.

§ 208-2 Tax credit granted; eligibility.
Any person who owns real property in the Town of Newtown or who is liable for the payment of taxes thereon pursuant to § 12-48 of the Connecticut General Statutes and who occupies said real property as a residence and who fulfills the following eligibility requirements shall be entitled, subject to the limits, if any, of § 208-8, to tax relief pursuant to § 12-129n of the Connecticut General Statutes in the form of a tax credit which may be reviewed and established by the Legislative Council for succeeding fiscal years, provided that any such revision for a subsequent fiscal year shall be made prior to the time when the Legislative Council makes its final proposed budget recommendation for said fiscal year. The First Selectman may contact the Chairman of the Legislative Council on or before February 1 of each calendar year to discuss such possible review.

A.
Age and disability provisions.

(1)
Such person is 65 years of age or over as of July 1 following his/her application; or his or her spouse living with said person is 65 years of age or over as of July 1 following his/her application; the surviving spouse, 60 years or over as of July 1 following his/her application, of a taxpayer who has qualified in Newtown under this article at the time of his or her death.

(2)
Such person is under age 65 years of age and eligible in accordance with applicable federal regulations to receive permanent total disability benefits under Social Security, or has not been engaged in employment covered by Social Security and accordingly has not qualified for benefits thereunder, but has 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.[1]

[1]
Editor's Note: See 45 U.S.C. § 9 et seq.

B.
Such person has resided at and paid real estate taxes on a residence located in Newtown for a period of ~~one year~~ five years prior to his or her application for tax relief.

C.
The property for which the exemption is claimed is the legal domicile of such person and is occupied more than 183 days of each year by such person.

D.
Such person shall have applied for property tax relief under any state statutes for which he/she is eligible. If such applicant has not applied for tax relief under any state statute because he/she is not eligible, he/she shall so certify by filing on a form acceptable to the Tax Collector an affidavit testifying to his/her ineligibility.

E.
Effective the fiscal year commencing July 1, 2015, and the application period commencing March 1, 2015, biannual reapplication shall be required.

F.
Such person shall have individually, if unmarried, or jointly, if married, modified income (as hereinafter defined) not more than established by resolution of the Legislative Council in accordance with this section.

(1)
Modified income shall be calculated as follows, based on the tax year ending immediately preceding the application for tax relief benefits:

Federal adjusted gross income, as defined in the Internal Revenue Code of 1986, as may be amended from time to time ("AGI")	$XXX
PLUS:	
Social security/railroad retirement benefits not included in AGI	$XXX
Tax-exempt interest income	$XXX
Net losses per Form 1040 (used to arrive at AGI)	$XXX
Business losses per Form 1040	$XXX
Capital losses per Form 1040	$XXX
Other losses per Form 1040	$XXX
Schedule E losses per Form 1040	$XXX
Farm losses per Form 1040	$XXX
Net operating losses per Form 1040	$XXX
Disability income not included in AGI	$XXX
MINUS:	
Unreimbursed gross medical expenses qualifying as and included on a federal income tax return of the calendar year immediately preceding the year of application as an itemized deduction in excess of 7.5% of AGI (per form 1040, Schedule A)	($XXX)
(Deduction of unreimbursed gross medical expenses effective the fiscal year commencing July 1, 2015, and the application period commencing March 1, 2015)	

(2)
For the 2014-2015 fiscal year and subsequent fiscal years (unless changed by the Legislative Council in accordance with this section), the modified income levels for the prior calendar year and the corresponding maximum available tax credits for those levels shall be as follows:

Reference Designation	Modified Income Level	Maximum Available Tax Credit
Group A	$0 to $45,000	~~$2,525~~ $2,825
Group B	$45,001 to $55,000	$1,750
Group C	$55,001 to $65,000	$1,300
Group D	$65,001 to $70,000	$800

(3)
Modified income levels and corresponding maximum available tax credits are subject to change upon resolution by the Legislative Council, which may base such changes on recommendations to the Legislative Council from the office of the First Selectman. Current modified income levels and

corresponding maximum available tax credits shall be made available to the public in the office of the Tax Collector.

G.

An applicant will be disqualified if he/she owes taxes in the Town of Newtown more than six months delinquent.

H.

Any application for tax relief must be filed by any person who fulfills the eligibility requirements in this article.

I.

The tax credit on real property as provided herein shall only apply to the residence itself, the lot on which the residence is located and improvements on said lot.

J.

All applications and supporting information filed with the Town shall be treated as confidential documents.

K.

Effective the fiscal year commencing July 1, 2015, and the application period commencing March 1, 2015, any applicant who qualifies for property tax relief hereunder shall have individually, if unmarried, or jointly, if married, a qualifying total asset value not exceeding an amount that shall be annually established upon resolution by the Legislative Council no later than September 30 prior to the next applicable fiscal year (the "QTAV limit"). Qualifying total asset value shall consist of any and all assets of the applicant individually, if unmarried, or jointly, if married, as of the date of the application, but shall specifically exclude the value of the applicant's primary legal residence and all tangible personal property contained therein. Each applicant shall make a sworn statement in a form satisfactory to the Tax Collector that such applicant's qualifying total asset value does not exceed the QTAV limit. The QTAV limit, as set forth in this § 208-2K, is subject to change upon resolution by the Legislative Council (recommended $1,000,000), and the current QTAV limit shall be made available to the public in the office of the Tax Collector.

L.

Effective the fiscal year commencing July 1, 2015, and the application period commencing March 1, 2015, the property tax relief available hereunder shall be available for one residence only collectively for each applicant individually, if unmarried, or jointly, if married, and shall not be available to any residence with an assessed value in excess of 200% of the median assessed value of residences assessed during each of the prior assessment years, October 1 to September 30, since the inception of the last Town-wide revaluation as calculated by the Assessor (the "assessed value limit"). The assessed value limit, as set forth in this § 208-2L, is subject to change upon resolution by the Legislative Council, and the current assessed value limit shall be made available to the public in the office of the Tax Collector.

§ 208-3 Application deadline.

In order to be entitled to the benefits provided herein, an application must be filed with the Tax Collector of the Town of Newtown not earlier than March 1 nor later than May 15 (June 1, 2014, in the case of 2014 fiscal year applications) to obtain the benefits provided herein for the next fiscal year. The application for tax relief must be made after such person becomes eligible to apply as set forth above.

§ 208-4 Maximum allowable tax credit.

The total of all tax credits granted under the provisions of this article shall not in any taxable year exceed an amount equal to 10% of the total real property tax assessed in Newtown in the preceding tax year.

§ 208-5 **Limitations on credit.**

Only one tax credit as heretofore set forth shall be allowed for each parcel of land eligible for the tax relief under this article. In any case where title to real property is recorded in the name of the taxpayer or his or her spouse who are eligible for tax relief and any other person or persons, the tax relief under this article shall be prorated to allow a tax credit equivalent to the fractional share in the property of such taxpayer or spouse, and the persons not otherwise eligible for tax relief shall not receive any tax credit.

§ 208-6 **Waiver of lien rights.**

The Town of Newtown hereby waives any lien rights given to it by § 12-129n of the General Statutes of the State of Connecticut.

§ 208-7 **Limitation on reduction in total tax.**

No person's normal real estate tax shall be reduced by more than 75% by virtue of said credit provided by this article, together with all tax relief benefits obtained by said person from the State of Connecticut pursuant to state law.

§ 208-8 **Limitation on total amount of relief granted.**

For each fiscal year the total revenue loss to the Town from the program, together with all other elderly real property tax relief benefit programs pursuant to state law, exclusive of any tax deferral programs that may from time to time be enacted, shall not exceed the amount appropriated in said fiscal year's annual budget for the program (the "cap amount"). The portion of the cap amount to be allocated for tax credits to qualified applicants in the Groups A-C modified income levels (the "Groups A-C cap") and the Group D modified income level (the "Group D cap") shall be established upon resolution by the Legislative Council. For the fiscal year commencing July 1, 2014, the Groups A-C cap shall be ~~$1,500,000~~ $1,400,000 and the Group D cap shall be ~~$150,000~~ $100,000. In the event that the number of qualified applicants in one or more of the modified income levels is such that providing the maximum available tax credit to each such applicant would result in revenue loss exceeding the cap amount or tax credits not equal to the Groups A-C cap or the Group D cap, the Tax Collector shall utilize the following method to determine the actual tax credits received by qualified applicants:

A.

If the product of the number of qualified applicants in the Group D modified income level and the corresponding maximum available tax credit (the "Group D applied tax credit") is more than the Group D cap, then the tax credits available to qualified applicants in the Group D modified income level shall be reduced on a pro-rata basis such that the total amount of tax credits for such applicants does not exceed the Group D cap. If the Group D applied tax credit is less than or equal to the Group D cap, the excess funds, if any (the "Group D surplus"), shall be allocated to fund tax credits for qualified applicants in the Groups A-C modified income levels.

B.

If the product of the number of qualified applicants in the Groups A-C modified income levels and the corresponding maximum available tax credit (the "Groups A-C applied tax credit") is more than the sum of the Groups A-C cap and the Group D surplus, if any (the "Groups A-C allocation"), then the tax credits available to qualified applicants in the Groups A-C modified income levels shall be reduced on a pro-rata basis such that the total amount of tax credits for such applicants does not exceed the Groups A-C allocation. If the Groups A-C applied tax credit is less than or equal to the Groups A-C allocation, the excess funds, if any (the "Groups A-C surplus"), shall be made available to fund the following fiscal year's Legislative Council approved senior tax abatement budget allocation. The cap amount, the Groups A-C cap, the Group D cap, and the method utilized to determine the actual tax credits to be received by qualified applicants may be revised by the Legislative Council in the same manner as the modified income levels and corresponding maximum available tax credits may be revised pursuant to § **208-2**.

Attachment D

TOWN OF NEWTOWN

ELDERLY/DISABLED TAX CREDIT RELIEF-TOWN BENEFIT PROGRAM

FISCAL YEARS 2016/17 2017/18

Income Groups:		ELDERLY/DISABLED TAX CREDITS				CHANGE		
		2016-2017		2017-2018				
	Benefit Amount	Number of Recipients	Total Benefit Amount	Number of Recipients	Total Benefit Amount	Total Benefit Change $	%	Recipients #
$0 -45,000	2,525	355	896,375	399	1,007,475	111,100	12%	44
45,001-55,000	1,750	124	217,000	115	201,250	(15,750)	-7%	-9
55,001-65,000	1,300	106	137,800	106	137,800	-	0%	0
65,001-70,000	800	40	32,000	46	36,800	4,800	15%	6
Other*		78	117,378	67	91,191	(26,187)	-22%	11
GRAND TOTAL		703	1,400,553	733	1,474,516			

TOTAL FUNDING AUTHORIZED	1,650,000	1,650,000
Authorized less Benefit Amount	249,447	175,484

*Recipients receiving less than the full benefit amount due to percentage of property owned or meeting the 25% minimum tax requirement (must pay at least 25% of the tax bill)

Of those receiving the benefit for fiscal 2016/17, 61 did not qualify in 2017/18. Five due to back taxes, 16 are deceased, 6 didn't reapply (no specific reasons), 4 moved, 23 over income, and 7 sold their property.

We have 92 new applicants with 85 approved. Two denied because they exceeded qualified assets, 1 didn't meet the length of time, 1 age requirement, and 3 over income.

There are approximately 10 taxpayers who have back taxes that may not qualify.

Submitted May 24, 2017

Tax Collector

Attachment E

Senior Tax Relief Hypotheticals (Increase In Benefit)

Option A

Income Range	# of Seniors	Town Benefit	Proposed Increase	Total Cost
0 - $45,000[1]	419	$2,525	+ $200	$ 1,141,775
$45,001 - $55,000	127	$1,750	+ $150	$ 241,300
$55,001 - $65,000	109	$1,300	+ $100	$152,600
$65,001 - $80,000	48	$800	+ $50	$ 40,800
				$ 1,576,475

Option B

Income Range	# of Seniors	Town Benefit	Proposed Increase	Total Cost
0 - $45,000	419	$2,525	+ $250	$ 1,162,725
$45,001 - $55,000	127	$1,750	+ $200	$ 247,650
$55,001 - $65,000	109	$1,300	+ $150	$158,050
$65,001 - $80,000	48	$800	+ $100	$ 43,200
				$ 1,611,625

Assumes:

- No change in residency requirements – One Year
- No change in funding allocations - $1,500,000 – Tiers A-C and $150,000 for Tier D
- Tiers still subject to proration
- No change in Asset Test

[1] Based on Bob's table provided in April, 2017, the average tax bill for this tier is $3,077. Some senior property owners will not be able to realize the full increase in benefit given the limitation that the tax bill may not be reduced by more than 75%. (On a $3,077 tax bill, the max allowable credit would be approx. $2,300.)