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PROPERTY TAX RELIEF FOR SENIORS

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You asked (1) what state laws authorize municipalities to provide property tax relief to seniors and (2) whether current state law prohibits a municipality from providing a tax freeze to seniors regardless of financial means.

The Office of Legislative Research is not authorized to render legal opinions, and this memorandum should not be regarded as one.

SUMMARY

The law establishes two state-funded property tax relief programs for qualified elderly and disabled homeowners. The first is the "circuit breaker" program, which provides a property tax credit based on the participant's income and marital status. (CGS § 12-170aa-cc). The second is the Tax Freeze program, which freezes property taxes at 1967 through 1978 levels. The tax freeze program has been closed to new applicants since 1979. (CGS § 12-129b). The state reimburses towns for the taxes they lose under these two programs.

In addition, a new law enacted in 2006 (PA 06-176, codified at CGS § 12-170v and -w) allows towns, without state reimbursement, to freeze the property taxes for homeowners if they or their spouses are age 70 or older and meet the circuit breaker program's income limits.

The circuit breaker and tax freeze programs have income eligibility requirements, but towns have the option to offer, with certain restrictions, seniors age 65 and over additional "local option" tax relief without income criteria. (CGS § 12-129n) This law allows, but does not require, towns to set maximum income limits. The tax relief can take any form, including freezing tax payments at specified levels. The state does not reimburse towns for these programs.

Towns may only use property tax assessment and collection methods authorized by statute. (CGS § 7-148b(2)(B)) This is supported by Connecticut case law, which holds that towns

must strictly comply with the property tax statutes (see *Empire Estates, Inc. v. Stamford*, 147 Conn. 262 (1960)). Therefore, it appears that towns that wish to provide property tax relief to seniors regardless of income are limited to these statutory programs.

CIRCUIT BREAKER PROGRAM

The circuit breaker program (formally known as the Elderly and Totally Disabled Tax Relief Program) entitles elderly and disabled people to a property tax reduction or a rent rebate, depending on whether they are homeowners or renters. An applicant must: (1) be 65 years of age or older, have a spouse who is 65 or older, or be at least 50 and a surviving spouse of someone who at the time of death was eligible for the program; (2) occupy the property as his or her home; and (3) have lived in Connecticut at least one year before applying. The annual income limits for the program are currently \$ 35,300 for married couples and \$ 28,800 for singles and are adjusted annually for inflation (CGS §§ 12-170aa-cc).

OLR report [2006-R-0309](#) (enclosed) compares this program with the new tax freeze program.

TAX FREEZE PROGRAM

The Tax Freeze Program freezes property taxes for elderly (age 65 or over) homeowners with annual taxable incomes of \$6,000 or less at the level the person owed when he or she first qualified for the program. It began in 1967, but stopped accepting new participants in 1979. People who were in the program when it closed continue to receive benefits as long as they still qualify. They must refile for benefits with local assessors every two years (CGS § 12-129b).

NEW LOCAL OPTION SENIOR PROPERTY TAX FREEZE (PA 06-176)

2006 legislation allows towns to freeze property taxes on homes owned by people age 70 or older who have lived in the state at least one year. The freeze can also apply to a surviving spouse who is at least age 62 when the homeowner dies. Homeowners must meet the income limits for the circuit breaker program (see above). Towns may also impose asset limits for eligibility. People whose taxes are frozen can also qualify for other property tax relief programs.

Unlike the circuit breaker and old tax freeze programs, the new law does not provide state reimbursement for revenue a town loses by freezing taxes, but it allows the town to put a lien for the amount of the foregone taxes on the property. OLR report [2006-R-0445](#) (enclosed) describes this program in greater detail.

LOCAL OPTION TAX RELIEF FOR SENIORS

While the tax freeze and circuit breaker programs require participants to meet certain income levels, towns are able to provide additional optional property tax relief to seniors regardless of income. CGS § 12-129n allows towns, upon approval by the town's legislative body, to provide relief to seniors age 65 or older and disabled people without state reimbursement. It imposes no income criteria and does not require towns to adopt any.

The law allows towns to provide relief to homeowners already receiving tax relief under the circuit breaker program as well as to those who do not meet that program's income criteria. The tax relief can take any form, including freezing tax payments at specified levels. But the overall amount of tax relief towns can provide is limited to no more than 10% of the total

value of real property in the town in each given year. And the total value of tax relief a homeowner can receive under this and the tax freeze and circuit breaker programs cannot exceed his or her annual tax. The town must put a lien on the property if the amount of tax relief is more than 75% of the tax owed, and the law places several other restrictions on optional, unreimbursed local tax relief (CGS § 12-129n).

Towns' legislative bodies can vote to abate property taxes for any homeowner regardless of age, if the tax exceeds 8% of the owner's income for a given year. The owner must agree to reimburse the town for the abated amount plus interest when he dies or the property is sold (CGS § 12-124a). OLR report [2006-R-0342](#) (enclosed) describes local option programs in 11 towns.

HYPERLINKS

OLR Report 2006-R-0309, Comparison of New Elderly Tax Freeze in HB 5093 with Circuit Breaker, <http://www.cga.ct.gov/2006/rpt/2006-R-0309.htm>.

OLR Report 2006-R-0445, Property Tax Relief for Seniors,

<http://www.cga.ct.gov/2006/rpt/2006-R-0445.htm>.

OLR Report 2006-R-0342, Local Option Elderly Property Tax Relief,

<http://www.cga.ct.gov/2006/rpt/2006-R-0342.htm>.

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