

Middletown Tax Exploratory Committee

Minutes:

- Tax Committee met at the Middletown Fire Station

- Jun 2, 2016

- Meeting called to order at 6:35 p.m.

- Attendees:

o Antone Viveiros - President

o Dennis Turano – Vice President

o Larry Connell - Secretary

o Tom Heaney - Member

Purpose: Examine the way the Town of Middletown assesses and levies property taxes.

Objective: Compare and contrast alternative methods for levying residential property taxes. Present findings and recommendations to the Middletown Town Council.

Old Business:

Approval of minutes.

Motion: Approve minutes from 17 May 2016 Committee board meeting

Vote: Motion carried

Resolved: Minutes from the meeting on 17 May 2016 approved without modification

New Business:

Discussion: Suggestions for moving forward for change to tax assessments

It is the committee's contention that the current property tax system is not fair, not predictable, and not transparent and consists of too much variation in assessments of homes.

Point was raised "why is 20% of the town paying 40% of the taxes?" 100 of the top residential property taxpayers are covering 67% of the property tax increase.

There is no correlation between the assessment of a home and the services provided by the town.

Graph below shows the exponential disparity of Middletown compared to other states' average property tax. Middletown is one of the highest taxed towns in the country, yet receives the same services as other towns e.g. School, Fire, Police, DPW, etc.

(Source: smartasset.com)

Need to look at including homestead exemptions, circuit breakers, deferrals, and assessment limitations available to people above a certain age. This is because elderly people are oftentimes among those most likely to be "property rich" and "cash poor." A significant percentage of those people lack the level of retirement income needed to afford the property tax bills owed on those homes. Ensuring that low- and moderate income elderly individuals are not taxed beyond their ability to pay is therefore an important goal.

Circuit breakers need to be implemented on residents who can no

longer afford the increased property tax. After all, a given taxpayer's income, not their age, is what determines whether they can afford to pay their property tax bill. Well targeted relief, such as a circuit breaker, should be implemented for all residents of Middletown.

Proposition 13 (California) should be adopted by the Town of Middletown. This would make taxes fair and predictable. If we moved to a model where everyone pays a max of 2% a year on the previous year's taxes, this would make taxes much more predictable. It would require a baseline tax assessment so in essence the value of your house today would be used as the baseline from this point forward.

Discussion was made to use the last tax hike as a baseline

As soon as a baseline is established, the proposal would be a 1% tax rate that cannot increase more than 2% a year.

Next Meeting: Next committee meeting is scheduled for 16 Jun 2016

Meeting Adjourned: Meeting adjourned at 8.04 p.m.