

Middletown Tax Exploratory Committee

Minutes:

- Tax Committee met at the Middletown Fire Station

- Jun 16, 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 Counsel.

Old Business:

Approval of minutes.

Motion: Approve minutes from June 2, 2016 Committee board meeting

Vote: Motion carried

Resolved: Minutes from the meeting on June 2, 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.

Top 100 taxpayers paid 67% of the \$1.3M tax increase

Discussion on how the town derives the "millage" rate

Total value of all Middletown residential properties = \$2.048B

Total number of properties = 5336

Reviewed Present tax system and how taxes are being levied on citizens (see table below (with example numbers and historic millage rates))

Current Tax Model

**Market Value (the amt. the prop. would likely sell for) Variable
\$500,000 X**

Assess Ratio % of actual mkt. value ["0" to "100"] Variable 100% =

Assessed Value (value for tax purposes)\$500,000 -

Exemptions (lower the assessed value)\$25,000 =

Taxable Value (subtracting all exemptions)\$475,000 X

Millage Rate/Tax Rate \$15.41/1000 = \$7,319.75

Historic Millage/Tax Rates

2015 2016 2017

\$17.07 \$15.04 \$15.41

Committee suggested a formula of no more than a 2% increase for all citizens, from the previous year's tax bill i.e. Establish a baseline, and the tax bill cannot increase more than 2% (it can decrease) a year.

Committee ran an example formula and found that if the total value of all residential properties (\$2.048B) was multiplied by 2% it generates \$616K in additional taxes. (Incidentally, the town only needs a \$598K increase from last year's budget.)

It is the committee's contention that it is much simpler, predictive and fair if, a tax increase is needed, the town simply increase all citizens tax bill by no more than 2% of the previous year.

There is also an additional savings in longer needing to contract appraisers to constantly asses values throughout the town.

Next Meeting: Next committee meeting is scheduled for July 25, 2016.

Topics for next meeting:

How to calculate home improvements

When a house sells

Transfer to a relative

Comparison to other states

Meeting Adjourned: Meeting adjourned at 8.04 p.m.