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## **OLR Bill Analysis**

### **SB 900**

#### ***AN ACT ESTABLISHING A REVOLVING LOAN ACCOUNT TO ASSIST ELDERLY HOMEOWNERS.***

#### **SUMMARY**

This bill establishes a revolving loan account that the Office of Policy and Management (OPM) secretary may use to make loans to income-eligible, elderly homeowners (age 65 or older) who failed to pay real property taxes for at least two assessment years.

The bill (1) outlines conditions governing the loans and eligibility criteria and (2) allows OPM to adopt regulations to implement its provisions. Under the bill, the loans must be made within available appropriations.

EFFECTIVE DATE: October 1, 2023

#### **LOAN ELIGIBILITY CRITERIA**

The bill allows the OPM secretary to provide loans from the revolving loan account at the prevailing interest rate determined by the secretary. The secretary may award the loans to elderly homeowners who meet the following criteria:

1. are at least age 65 when they apply for a loan;
2. own a property subject to property taxes, including property held in trust where the owner, or the owner and his or her spouse, is the trust grantor and beneficiary;
3. have lived in the municipality where the property is located for at least 10 consecutive years before applying;
4. have maintained their primary residence (at least 183 days per year) at the property for at least eight of the last 10 years before

applying;

5. in the year before the application date, meet the state's Circuit Breaker Program income limits (currently \$40,300 for an unmarried person and \$49,100 for a married couple); and
6. failed to pay property tax on the property, which is otherwise unencumbered, for at least the two assessment years before applying.

Under the bill, the elderly homeowner's qualifying income excludes his or her spouse's Social Security income if the spouse is a resident of a health care or nursing home facility receiving Title XIX Medicaid payments. In addition, the bill allows the OPM secretary to set asset limits as a condition of eligibility.

#### **LOAN CONDITIONS AND REQUIREMENTS**

Under the bill, the OPM secretary must prescribe the program's application form. Elderly homeowners who receive the loan must use it to pay the delinquent taxes, interest, and fees on their property, and the principal loan amount must not exceed the amount levied against it. The secretary may (1) set requirements to prove that an elderly homeowner used the loan for its intended purposes and (2) impose penalties for failing to do so.

If the state provides a loan, the OPM secretary has a lien on the property for the loan amount, plus interest at the prevailing interest rate. The lien has priority over all other liens on the property, except a municipal property tax lien.

#### **ACCOUNT OPERATION**

Under the bill, the revolving loan account is a separate, nonlapsing General Fund account administered by OPM. It must contain any money required by law to be deposited into it. Investment earnings credited to the account become part of the account's assets. Principal and interest payments on loans under the bill must be remitted to the state treasurer for deposit into the account. The bill requires the OPM secretary to use the account to (1) make loans as specified above and (2)

pay reasonable and necessary expenses incurred for loan administration.

**ELIGIBILITY FOR OTHER BENEFIT PROGRAMS**

The bill specifies that the financial assistance provided under the loan program does not disqualify elderly homeowners from any other benefits for which they may qualify.

**COMMITTEE ACTION**

Aging Committee

Joint Favorable

Yea 15 Nay 0 (03/01/2023)