Senate

General Assembly

File No. 63

January Session, 2023

Senate Bill No. 900

Senate, March 14, 2023

The Committee on Aging reported through SEN. HOCHADEL of the 13th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

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

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective October 1, 2023*) (a) For purposes of this section, "elderly homeowner" means any owner of real property liable for property taxes under chapter 203 of the general statutes, including any owner of real property held in trust for such owner, provided such owner or such owner and such owner's spouse are the grantor and beneficiary of such trust, who (1) is sixty-five years of age or older on the date of application for a loan under this section, (2) has resided in the municipality levying such property taxes for a consecutive period of not less than ten years before the date of such application, (3) has occupied such property as his or her primary residence for a period of more than one hundred eighty-three days in at least eight of the last ten years before the date of such application, and (4) has qualifying income in the year immediately preceding the date of such application that does not exceed the applicable maximum qualifying income, adjusted annually, for a tax reduction under section 12-170aa of the general statutes. For purposes of this subsection, qualifying income for a married homeowner shall not include the Social Security income of the spouse of such homeowner if such spouse is a resident of a health care or nursing home facility in this state receiving payment related to such spouse under the Title XIX Medicaid program.

(b) There is established a revolving loan account which shall be a separate, nonlapsing account within the General Fund. The account shall be used to provide loans to elderly homeowners qualified pursuant to subsections (a) and (c) of this section who are delinquent on real property tax payments and shall contain any moneys required by law to be deposited in the account, including, but not limited to, payments of principal and interest on loans made from the account. The account shall be administered by the Secretary of the Office of Policy and Management and shall be used to (1) make loans pursuant to subsection (c) of this section at the prevailing rate of interest as determined by the secretary, and (2) pay reasonable and necessary expenses incurred by the secretary in administering loans under this section. Investment earnings credited to the account shall become part of the assets of the account. Payments of principal or interest on a loan made pursuant to this section shall be paid to the State Treasurer for deposit in the account.

(c) (1) The state, acting through and in the discretion of the Secretary of the Office of Policy and Management and within available appropriations, may provide loans to elderly homeowners who apply, on a form prescribed by the secretary, provided (A) the elderly homeowner has failed to pay taxes levied against the elderly homeowner's property under chapter 203 of the general statutes for not less than the two assessment years preceding the date of application for a loan under this section, (B) the real property subject to tax is not otherwise encumbered, (C) the principal amount of such loan does not exceed the amount of taxes, interest and fees levied against the real property, and (D) the elderly homeowner shall use the loan to pay the delinquent taxes, interest and fees. In addition to requiring that an elderly homeowner's qualifying income not exceed the applicable maximum qualifying income for a tax reduction under section 12-170aa of the general statutes, the secretary may (i) impose asset limits as a condition of eligibility for loans provided pursuant to this section, (ii) prescribe requirements for an elderly homeowner to prove the loan was used for the intended purpose, and (iii) impose penalties against an elderly homeowner who does not use the loan for the intended purpose.

(2) If the state provides a loan under this section, the Secretary of the Office of Policy and Management shall have a lien on the real property subject to taxes in the amount of such loan, plus interest at the prevailing rate of interest as determined by the secretary. Such lien shall have priority over all other liens on such real property except a municipal property tax lien.

(3) Any financial assistance provided under this section shall not disqualify an elderly homeowner from receiving any other benefits under any other program for which such homeowner may be eligible.

(d) The Secretary of the Office of Policy and Management may adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, to implement the provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*October 1, 2023*	New section

AGE *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 $	FY 25 $
Policy & Mgmt., Off.	Elderly Revolving Loan Fund - Cost	Greater than 238,468	Greater than 308,110
State Comptroller - Fringe Benefits[1]	GF - Cost	98,528	131,370

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 24 $	FY 25 $
Various Municipalities	Revenue Gain	Potential	Potential

Explanation

The bill results in a total cost of $337,000 in FY 24 and $439,000 in FY 25, and annually thereafter, to administer the Elderly Homeowner Property Tax Revolving Loan program established by the bill, and a potentially significant additional annual cost associated with providing the loans. The bill also results in a potential revenue gain to various municipalities beginning in FY 24.

The anticipated costs include $238,468 in FY 24 and $308,110 in FY 25 to the Office of Policy and Management for an additional four staff members to run the program and $98,528 in FY 24 and $131,370 in FY 25

[1]The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 42.82% of payroll in FY 24.

to the Office of the State Comptroller for associated fringe benefits. This cost includes one Office Assistant at an annual salary of $50,651, one Paralegal Specialist at an annual salary of $77,677, and two Staff Attorney 1 positions at an annual salary of $89,234. The estimate also includes an annual cost of $1,314 for training and supplies and a one-time cost in FY 24 of $7,057 for computers.

The cost of providing the loans would vary based on the number of people eligible who seek out the program, and on the size of the loans they take out. This cost may be significant. The bill allows investment earnings, including principal and interest on the loans, to be used to fund loans under the program, which will be administered using a separate non-lapsing account. The bill provides credited investment earnings to the account but does not specify a funding source.

To the extent that the Elderly Homeowner Property Tax Revolving Loan Fund provides homeowners who owe unpaid taxes with a way of paying those taxes, there is a revenue gain to municipalities.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of applicants and the value of the loans they receive.

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)