

SPECIAL TOWN COUNCIL MEETING  
COVENTRY TOWN HALL COUNCIL CHAMBERS  
APRIL 13, 2007 – 4:00 P.M.

Present: Kenneth Cloutier, Anthony Colaluca, Justin Pomfret, Bruce Thompson,  
Frank Hyde

Town Manager Richard Kerbel  
Town Solicitor Patrick Sullivan

Senior Tax Freeze Ordinance

President Pomfret stated that he has been receiving calls and e mails from residents who are concerned about losing their tax freeze. Some corrections were made in the ordinance in January. (Read from Town Council minutes of December 11, 2006 and January 8, 2007, noting that Manager Kerbel stated that these corrections were strictly typographical errors in the original ordinance and there would be no changes in the administration of the ordinance. He asked Manager Kerbel if that is correct.

Manager Kerbel – Stated that is correct. Intent was making ordinance consistent with the way it was intended to be and the way it has been interpreted by staff and per direction of the Town Council. Probably the most significant change was Section I, which made the tax freeze eligible to people regardless of their income. Some people, whose income is below \$37,500, need to benefit from both the tax freeze and the increment exemption. Again he stated that the purpose of the changes is to make sure that the people currently receiving the exemption continue to qualify for the exemption. This was to make the ordinance consistent with the way the council intended it to be and there would be no changes from the way it is presently being implemented.

President Pomfret – The biggest problem out in the community is with Section 16-50 letter “i”, the way this is written is getting people confused. In Section 1 a person over 65 would be eligible regardless of income.

Manager Kerbel – Correct. I have given you a memo which summarizes the changes in the ordinance.

President Pomfret – Section 16-50 (i) is getting people confused.

Manager Kerbel explained that of the 2212 people who benefit from the tax freeze, 685 receive an income based exemption as well. The concern is that if somebody has an assessed value that is great enough that they receive an income based exemption, the way (i) was written prior to this amendment, it could be interpreted that they are only eligible for their income based exemption and not the tax freeze on their property. What my concern was by making the change that we made is to make it clear that everyone regardless of income is eligible for the tax freeze. I know the solicitor has made this recommendation, and I have in this memo, that it probably makes sense to have three separate ordinances. One ordinance regarding the \$8,000 flat exemption; an ordinance concerning the tax freeze available for everyone over 65 or disabled; and an ordinance regarding fixed income. It does cause confusion the way it is written with (i) being the Subsection of A – H.

After discussion, the Town Council felt that it would be best to rewrite the entire ordinance and make it into three separate ordinances. One would address the exemption; one the tax freeze for everybody over 65, and one on the income based exemption.

President Pomfret – Do you want to go through that 16-50, letter “i”?

Mr. Cloutier – Agrees that it causes confusion the way it is, especially seems to be that adding the line “subject to items 2A through 2H”. That was meant to make it a tax freeze as well as an exemption, is that what it was intended to be?. Was the ordinance always meant to be that you can have both the freeze and exemption, or was it or?

Manager Kerbel – My understanding was that when the ordinance was passed in 2000 or 2001, there was some confusion, and the Tax Assessor was not giving both the freeze and exemption. There was discussion with the Town Council and she was directed to give both the exemption and the freeze. So, in my memo, when I say that the

total value of the reduction is almost 2.5 million dollars, of that \$683,000 is due to the income based exemption, and remaining is essentially due to the freeze.

Mr. Cloutier – I understand the tax freeze and I understand the tax exemption, but if you are going to freeze someone's taxes, but then in three years you are going to reevaluate their income, how is it frozen?

Manager Kerbel - As of today, there are 182 people seeing a reduction in exemption because of income changes. The big problem in all of this is that the income has never been adjusted since 2000 and we have 32 property owners who have seen an increase in their exemptions, so their income must have gone down. If you look on Page 3 of the memo I have given you, you can see that in 2001 there were 846 properties that were affected by the income portion of the exemption. It is now down to 685 on the current tax roll and will drop to a minimum 642 prior to all these reviews going through. That seems to be through normal attrition of dealing with the elderly, they do move or sell their properties, but it also due to increased incomes.

Mr. Cloutier – So, in essence, they weren't frozen because they do change.

Manager Kerbel – Their tax bill is frozen at the bill they received in 2001, which is at the \$23.22 tax rate at that time times their assessed valuation. What is changing is the value of their income based exemption. So of the 2200 people who are currently in the tax freeze, their taxes remain frozen unless they sell their property. But what has happened, while we have an increase in the number of people qualifying for the exemption because they have turned 65, we have had fewer and fewer qualifying for the income based exemption for several reasons. One is that the income rates that are listed there were set in 2000 and have not been adjusted.

Mr. Cloutier – Think that breaking this up into three separate ordinances is the only way it will make sense.

President Pomfret agrees.

Mr. Hyde wanted clarification.

Manager Kerbel – First ordinance for over 65 or disabled, you get the \$8,000 reduction in assessed valuation; second ordinance for 65 or over your tax bill is frozen at the rate and assessment of the year they turn 65; third is the income requirements and that really has two components to it. Depending on your income up to \$12,500, your taxes are based on a percentage of your income; between \$12,500 and \$37,500, your taxes are reduced depending on your income by a percentage of your assessed valuation, this one is income based.

Mr. Hyde - Feel we should clean these up and make more comprehensive. We are not looking to change anything, just clean them up.

Manager Kerbel – Right.

President Pomfret – Noted that the elderly tax freeze was passed July of 2000; the real intended purpose was to help the elderly. On fixed incomes they need all the help they can get. We have not taken away any tax freezes, we intend to help the elderly. Also stated that this was put in place to keep seniors in their homes, give them a reason not to leave the community. Nobody is losing their senior tax freeze. Want the public to be aware that nobody is losing the senior tax freeze.

Solicitor Sullivan – Want to raise the question about household income. The ordinance now is written to take the entire household income, established in 1989. In this rewrite, do you want to address that also?

Manager Kerbel – In 1974, the first ordinance said spousal income. In 1989 was changed to gross household income, which is deemed to be all income brought into the household. The complaints that we are hearing in Town Hall involve being more thorough on the household income.

Mr. Cloutier – I think we need to adjust to more realistic incomes.

Mr. Colaluca: I like the owner and spousal form of it.

President Pomfret - Would like to direct the manager and solicitor to immediately undertake a review of the income based exemptions as they are seven years old, and index them in regard to inflation.

Patricia Veneer  
170 Richardson Road

Turned 65 last year. This will be our first year of exemption based on age. Wondering regarding 16-47 and 16-50, under number 2, profession in a residence. Questioned section on home office. What if you're selling Avon or your husband fixes computers at home? Is that use of property for business purposes?

Manager Kerbel – Suggested she meet with tax assessor.

Robert DiPadua  
62 Laurel Avenue

Mr. DiPadua: Couple of things I would like clarified. We have a new law, we had an old law. As of this moment, what are we going by?

President Pomfret – The current law.

Mr. DiPadua – Are we going to have more public hearings on this?

Manager Kerbel – In order to adopt new ordinances, we have to have more public hearings.

Charles Vacca  
124 Fairway Drive  
Chairman, Republican Town committee

Mr. Vacca – If you are going to improve on this, the Town Council should review the whole ordinance. There are a lot of ramifications. Too much of a band aid approach is taken on many things.

President Pomfret agreed.

Mr. Cloutier – Important to point out that although this is confusing, there are no changes.

Anthony Nardolillo  
10 Colby Drive

Mr. Nardolillo – Regarding Section 16-49 Renewals. Would like you to clarify what a random basis is. If you are cleaning it up, should look at that. Will spousal income be looked at? Or household income? My question is regarding household income. What about a live-in nurse? They don't contribute to the household income. Deadline was April 17. I think should be extension until new ordinance in effect.

President Pomfret – Random audits? Is this a computerized system? Is it personal? Is that unconstitutional? If a grudge is held against someone, can you keep auditing? Should clarify that.

Manager Kerbel – We can clarify that. As to Mr. Nardolillo's point, the April 17 deadline can be waived. Regarding indexing the income, think we can come back with a correction relatively soon. The question is can we make it retroactive to this year. We would hope to. We have had most people submit their information by now, there may be some changes. We can waive that, it is an administrative date. The assessor has to certify the tax roll by June 10, and so there are conflicting dates in there. The solicitor and I will have to talk about how quickly we can get this done and voted on by the council. Will see if we can accomplish that for this year.

Scott Duckworth  
748 Washington St.

Mr. Duckworth – Section 16-48, paragraph 3, proof of residency should be RI license or ID card, leave that in. Regarding Anthony's comments on income, proof of residency, to

qualify name should be on the deed, not just the tax bill. Deed means ownership of property. If you consider income of the household, should be the person who owns it. The owners are the ones who are entitled. Not who lives there.

Cindy Fagan  
770 Phillips Hill Road

Ms. Fagan – I have disability on my taxes. My son lives with me due to an injury. Why do I have to have him report his income? This should be what I make, not what he makes. His name is not on the deed, it is my property. Should be based on what I make. Don't understand why I would have to include that.

Manager Kerbel - Renewals that were sent out in 2003 and this year ask you to submit your income. Decision was made in 1989 by the Town Council for household income. That is what the Town Council wants to address.

Mr. DiPadua – What about the adjusted gross income rather than gross income? Suggested redesign and make a new ordinance.

John Gillotti  
15 Airport Road

Mr. Gillotti raised question of income. Now I have to supply proof of income?

Mr. Cloutier – Only for the income based exemption.

Mr. Thompson – Basically this is an all-in-one ordinance. Want to make it into three separate ordinances. That will clarify everything.

Mr. Hyde – Will be easier for the tax assessor too.

Mr. Vacca: What about enforcement? Who will see that it is properly enforced? Keep that in mind as well.

President Pomfret - That is something to discuss in future meetings. Will probably have work sessions and public comment, public hearings. The exemptions and elderly tax freeze are important. Not all towns give this out. There are things in here that we need to revamp. I called this meeting to inform this public. We will continue to have work sessions and public hearings to work out new ordinances. I thank you all for coming.

Motion made by Frank Hyde seconded by Bruce Thompson to adjourn meeting. All voted Aye. So voted.

Meeting adjourned at 4:45 p.m.

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Town Clerk