MIDDLETOWN LEADS

WHAT IS MIDDLETOWN LEADS?

*Middletown Leads* is a weekly newsletter intended to connect the Middletown community by providing information about the civic undertakings of the Town.

PROPERTY TAX EXEMPTIONS

At the April 1, 2019 meeting of the Middletown Town Council, there was considerable discussion about proposals regarding property tax exemptions. The Town currently provides a variety of exemptions:

- Veterans
- Real Estate, Motor Vehicle Exemptions
- Seniors 65-74
- Flat Exemption
- Income Based Exemption
- Seniors 75+
- Flat Exemption
- Income Based Exemption

One proposal focused on increasing the exemptions on residential property, based on age as well as on income.

The second, a Homestead Exemption, was intended to provide tax relief to those whose primary residence is in Middletown.

PROPOSAL – INCREASE SENIOR EXEMPTIONS

The new proposal recommends changing the age brackets of the Senior Exemptions to 65-69 and 70+. It also adjusts the income-based requirements.

PROPOSAL – HOMESTEAD EXEMPTION

The Homestead Exemption is intended to provide tax relief to residents whose primary residence in in Middletown.

The fact that Middletown is an attractive destination for tourists has resulted in an increase of short-term rentals, which many regard as profit-making entities, while the year-round residents are responsible for maintaining the superstructure that supports that commercialism.

The proposal for a Homestead Exemption is intended to level the playing field by shifting more of the financial responsibility to those who benefit.
The Homestead Exemption would apply to property which is the resident taxpayer’s “principal residence and legal domicile.”

The principal residence would be “legally titled to the resident taxpayer, a trust to which the resident taxpayer is the named beneficiary, or to a corporate entity owned and controlled by the resident taxpayer.”

The property would have to be “used exclusively for residential purposes and improved with a dwelling containing less than five units, or used for a combination of residential and commercial uses.”

The resident taxpayer must hold legal title to the property as evidenced by the address on the owner’s driver’s license, car registration, federal income tax return, state income tax return, the Middletown voter’s address and/or other documents.

In the case of multiple units within the property, the property tax would be pro-rated to reflect the owner-occupied area.

### ISSUES

One of the most important issues to be resolved is the impact of exemptions on Town revenue. In the development of the Town Budget, the proposed expenditures are identified – those items that require funding, such as salaries and superstructure, as well as new efforts to promote economic growth and development. Taxes provide that support.

Before exemptions can be increased, it is important to identify the consequences of the resulting loss of revenue and identify the sources of replacement. How would the costs shift? What would be the impact?

### NEXT STEPS

As a new entity, a Homestead Exemption must be approved by the legislature. While the details – the exact amounts, age requirements, etc. – need not be identified at this time, a basic proposal must be presented and approved within the next few weeks if a Homestead Exemption is to be implemented for the next tax assessment.

A delayed decision means that no action can be taken this year, and residents will have to wait another year for potential relief.

### FOOTNOTE

Weekly essays about Middletown community and municipal affairs will appear on the Middletown Public Library website.

Editorial essays may appear in the following: MiddletownLeads@blogspot.com.