



Property Taxes 101

A Guide for Residents of Guilford, CT



Part I: The Tax Equation

What is Taxed in Guilford?

- The primary source of tax income in Guilford is Property (94.2% of Town revenue in 2021). **Most of this presentation deals with this Property Tax.**
- Other real estate you own is taxable (buildings, land)
- Vehicles are taxed - this source of revenue goes directly to the Town
- Personal/Commercial Property (fixtures owned/leased by your business)

The Property Tax

([PROPERTY VALUE x 0.70] x MILL RATE) / 1,000 = YEARLY TAX BILL

“Property Value” is also called “Market Value”; when multiplied by 0.70, this is called the “Assessed Value”, or your “Assessment”.

1,000 = One Mill

Example = If your property/market value = \$350,000 then ...

\$350,000 x 0.70 = \$245,000 x 32.62 / 1,000 = \$7,992 = your yearly property tax

The Tax Calculation Components

1. Your latest **Assessment**
2. The most recent **Grand List**
3. The **Mill Rate**

Property Assessment

- The “Revaluation” of property is mandated by the State, and must be completed every 5 years. The last revaluation was in 2017, the next one is scheduled for the fall of 2022 and will affect your 2023-24 tax bill.
- Two types of revaluations - Physical and Non-physical
 - Physical - involves complete re-inspection and re-measurement of all properties with new values for all properties being the final result
 - Non-physical - does not involve re-inspection and re-measurement of all properties, but does result in new values for all properties
- Physical Revaluations must be planned for annually in operating budgets due to their much greater expense

Property Assessment (Continued)

Your 2022-23 tax bill will continue to include assessment values from:

- Non-physical Revaluations based on market value as of October 1, 2017
- Property assessments completed December 2017

You can find your current property assessment at:

<http://www.propertyrecordcards.com/SearchMaster.aspx?towncode=060>

- Your Assessment (Assessed Value) will be 70% of your home's Property (Market) Value
- Market Value was determined by sales in your geographic area; legitimate sales from October 1, 2016 to October 1, 2017 were used to develop assessment guidelines.

Property Assessment (Continued)

A few of the other factors considered in market value are:

- Size and quality of the construction; age of the building
- Condition of the improvements
- Access to schools, churches, recreation and shopping
- Quality of the school system
- Improving or deteriorating neighborhood
- Utilities; transportation; zoning regulations
- There are different sets of considerations for industrial and commercial property

Your property value may go up or down during this assessment depending on all of these factors

What if you don't agree with your Assessment?

When the new assessments are done in 2022:

- Check if the details from the revaluation on your property are correct (number of bedrooms, acreage, etc)
- Do your research - see if you think you could sell your house at the determined market value
- If you genuinely disagree with the assessment, you should first contact the Revaluation company. This information will be posted on The Town of Guilford website after December 1, 2022 and in your notice. This will start the process, including a request for a hearing if needed.
- More info on the 2022 process will be posted on the Town of Guilford website.

The Grand List

- The Grand List is the compilation of all taxable and exempt property in Guilford by assessed value. The Net Grand List is just the taxable property. The Assessor's office has the yearly responsibility for creating the Grand List (determined after the annual budget referendum vote in April).
- The Grand Levy is the total cost of providing all town services, including education, minus any revenue to be collected - not including property taxes (federal and state grants, licenses, fees, etc.).

What is the Mill Rate?

Within 10 days after adoption of the annual budget at referendum, the BOF must set a tax rate, or **Mill Rate**. The Mill Rate is the amount per \$1000 of assessment property (resident and business) owners pay in taxes to meet the approved Town and BOE budgets.

In simple terms: $\text{The Mill Rate} \times \text{The Grand List} = \text{The Grand Levy}$

In other words, the Mill Rate collects the amount of property taxes needed to cover all of our costs for a year that aren't covered by any other revenue (i.e. conveyance taxes, building permits, ambulance fees, State aid/revenue sharing)

The Mill Rate Calculation Example (2021-22)

1. THE APPROVED BUDGET - THE TOTAL COST OF PROVIDING ALL GOVERNMENT SERVICES = \$105,169,759
2. GRANTS, FEES, AND ALL OTHER MISCELLANEOUS INCOME (NOT INCLUDING TAXES) = \$6,144,850
3. GRAND LEVY (I.E., MONEY NEEDED TO BE RAISED BY TAXES; LINE 1 MINUS LINE 2) = \$99,024,909
4. GRAND LIST (TOTAL OF ALL TAXABLE ASSESSED VALUES OR PROPERTY) = \$3,034,325,164
5. MILL RATE (LINE 3 DIVIDED BY LINE 4) ... 0.03263 ... OR 32.63 MILLS

Guilford set the 2021-22 mill rate at 32.62 after adjustments

You can find historical mill rates here:

<http://www.ci.guilford.ct.us/wp-content/uploads/assessor-Historical-Mill-Rates.pdf>

Summary of Property Taxes (another example)

$([\text{PROPERTY VALUE} \times 0.70] \times \text{MILL RATE}) / 1,000 = \text{YEARLY TAX BILL}$

Example:

Property Value = \$400,000

Mill Rate = 32.62

Therefore:

$([\$400,000 \times 0.70] \times 32.62) / 1,000 = \$9,133.60$

You will pay half on July 1 and the other half on January 1

Exemptions from Taxes

Exemptions may result in decreases to your tax bill either through a State or Local program. You may be eligible for a tax exemption if:

- You are a veteran
- You are a spouse of deceased veteran
- You are totally disabled
- The motor vehicle is owned by a serviceman (active duty)
- You are a farmer/merchant
- The land is categorized as forest, farm, or open space

Most Popular Tax Relief Programs in Guilford

1. Homeowners/Circuit Breaker: State program that pays portion of taxes, up to \$1,250, depending on income. Application must be filed every 2 years.
2. Tax Deferral/GSTRP: Local program allowing you to defer up to 75% of your taxes until property transfer or death. Constitutes a property lien. Application must be filed yearly.
3. Elderly Tax Relief Program (aka “Senior Tax Freeze”): Local program where, even if your taxes go up this year, you may qualify to pay last year’s tax amount (or to the year you first qualified). Therefore, Guilford tax increases wouldn’t affect you year-to-year. Based on income and years of residency. Income limits higher than State programs. Application must be filed annually before May 16th.

Requirements for Elderly Tax Relief Program

1. The property owner/applicant must be at least 65 years of age as of December 31st, or was receiving 100% disability benefits from social security as of that date
2. The property owner/applicant must have lived in Connecticut for at least one year
3. The property owner/applicant must occupy the property as their principal residence
4. An Application must be filed annually no later than May 16th
5. The applicant's (and any spouse's) income must not exceed certain limits

Residency and Income Limits for ETRP 2022

YEARS OF RESIDENCY	SINGLE INCOME	MARRIED INCOME
1 - 4 YEARS	\$29,600	\$36,000
5 - 8 YEARS	\$44,500	\$54,000
9 - 20 YEARS	\$62,500	\$75,000
20+ YEARS	\$79,000	\$95,000

Note: Limits based on continued **income**, not your assets.

If you fit the guidelines, you **MUST** apply annually with the Assessor's Office before May 16th, 2022. **Even if your property assessment goes up and Mill Rate increases, your taxes will stay at previous level.**

See booklet for more information:

<http://www.ci.guilford.ct.us/wp-content/uploads/assessor-elderly-tax-relief-qa.pdf>

Part II: Guilford's Budget

What is Guilford's Budget composed of?

1. Education Budget = approximately $\frac{2}{3}$ of the total Guilford budget
2. Town Operations Budget (the other $\frac{1}{3}$) includes, but is not limited to, these five largest departments/services:
 - Police and Fire Services
 - Public Works/Engineering
 - Roads, Transportation
 - Parks & Recreation Department
 - Community Center, Programs, Parks/Playgrounds, Athletic Fields, Beaches
 - Capital - Equipment/Technology/Building
 - Library Services
3. Debt Retirement (i.e. bond expenditures) typically used for items with life of over 20 years (such as the new Guilford High School)

Budget Responsibilities

- The Board of Education (BOE) has the responsibility to create/manage the town's Education Budget
- The Board of Selectmen (BOS) has the responsibility to create and manage the town's Operating Budget and Debt Retirement Budget
- The Board of Finance (BOF) has the responsibility to prepare the annual combined Town and Education Budgets for consideration by the voters

NOTE: The BOS, including the First Selectman, and the BOF do not oversee, approve, or manage the Education Budget by CT General Statute. The BOF works with the BOE to influence change. This separation of duties is a deliberate control in place to ensure the education of our children is protected and not sacrificed for other Town priorities.

The Budget Process

- Guilford has a Budget Referendum in mid-April EVERY year - which means that the PUBLIC VOTES FOR THE APPROVAL OF THE ANNUAL COMBINED TOWN AND SCHOOL BUDGET.
- Many other CT municipalities have this process, but several divide the Town and School budgets and vote on them separately, on the same day.
- In most years, the budget vote includes additional questions for bonding of long term items (i.e. fire trucks, public works vehicles, school repair/maintenance)

The Budget Process (Continued)

- The annual Budget Referendum takes place in mid-April after a lengthy process of development, submission, review, and scrutiny by the BOE and BOS
- Town department heads, boards, commissions, and BOE administrators/staff begin the budget development process as early as the fall with workshops and public hearings communicated by public notices
- Town/BOE workshops, which include the Board of Finance, are typically held in January

Key Dates

From February through April, a rigorous schedule is followed by the BOF after the BOS and BOE finalize their respective budgets. Important dates for 2022 include:

- February 17: BOF Regular Meeting - receive Town and BOE budgets and bonding requests (not less than 45 days prior to Annual Budget Meeting)
- March 8: BOF Public Hearing on Budget Estimates
- March 10: BOF Budget Workshop, includes limited public comment period
- April 5: Annual Budget Meeting (tentative)
- April 12: Annual Budget Referendum (tentative)

Budget and Tax Effect for 2022

1. Your January 1, 2022 tax payment was the second half of your 2021 tax bill based on your 2017 Property Assessment and the 2021-22 Mill Rate of 32.62
2. Guilford will pass a new budget for the 2022-23 Tax Year in April 2022 (assuming referendum is successful)
3. The new mill rate will be set within 10 days of vote
4. Your July 1, 2022 tax payment is the first half of your 2022 tax bill and will be based on your 2017 Property Assessment and the 2022-23 Mill Rate

Keep in mind in an assessment year your tax bill can go up (or down) due to a higher (or lower) assessment. Since this is not an assessment year (next year is), only the mill rate will affect your tax bill on July 1.

More Information

Tax Collector: <http://www.ci.guilford.ct.us/departments/tax-collector/>

Town Assessor: <http://www.ci.guilford.ct.us/departments/assessor/>

Finance Department:

<http://www.ci.guilford.ct.us/departments/finance-department/>

Board of Finance: <http://www.ci.guilford.ct.us/boards/board-of-finance/>