Town of Camden

P.O. DRAWER 1002
CAMDEN, DELAWARE 19934

Mayor Robert A. Mooney
Town Manager Donald H. Mulrine, Jr.

Ordinance #2008-O-17

"AN ORDINANCE OF THE TOWN OF CAMDEN ADOPTING THE FOLLOWING EXEMPTIONS FROM TAXATION FOR QUALIFIED SENIOR CITIZENS WHO ARE RESIDENTS OF THE TOWN OF CAMDEN AND HEREBY REPEALING ALL OTHER ORDINANCES AND PARTS OF THE ORDINANCES IN CONFLICT HEREWITH"

The Mayor and Council of the Town of Camden does hereby ordain as follows:

Section 1. Definitions as used in this ordinance

a) Income – means income from all sources as reported on the applicants Federal Tax Return filed the year before the Town Property Tax Year, (Pretax Year), for which an exemption is claimed.
b) Pretax year – means the calendar year immediately preceding the current Town of Camden Property Tax Year.
c) Resident – means one legally domiciled with the Town of Camden for a period of one (1) year immediately preceding July of the pretax year. Seasonal or temporary residence within the Town, of whatever duration, shall not constitute domicile within the Town for the purposes of this Ordinance.
d) Tax year – means the calendar year in which the Town of Camden tax is due and payable.

Section 2. Qualifications and amount of exemption

a) Property owner(s) is/are legally domiciled within the State of Delaware and has been a resident of the State of Delaware for at least one (1) year immediately proceeding June 30th.
b) Property owner(s) is/are age 62 or more years of age.
c) Property owner(s) is/are the owner of a dwelling house, which is a constituent part of the real property for which the exemption is claimed.
d) Property owner(s) resides in said dwelling house.
e) Property owner(s) yearly income from all sources reported on the "pretax year" Federal Income Tax return, **reduced by** Social Security Benefits and Pension Benefits, shall not exceed $15,000.00 for an individual Federal Tax payer or $30,000.00 for a filing by joint tax payers who are also joint owners and occupants of the property.
f) (Pension benefits shall include both "Defined Benefit" (including Railroad Pensions, Military and Government Pensions) and "Defined Contribution" income as covered by "The Employee Retirement Income Security Act (ERISA). Definitions from the U.S. Department of Labor web

site {http://www.dol.gov/dol/topic/retirement/typesofplans.htm} are listed below).

1) The Employee Retirement Income Security Act (ERISA) covers two types of pension plans: defined benefit plans and defined contribution plans.

2) A defined benefit plan promises a specified monthly benefit at retirement. The plan may state this promised benefit as an exact dollar amount, such as $100 per month at retirement. Or, more commonly, it may calculate a benefit through a plan formula that considers such factors as salary and service — for example, 1 percent of average salary for the last 5 years of employment for every year of service with an employer. The benefits in most traditional defined benefit plans are protected, within certain limitations, by federal insurance provided through the Pension Benefit Guaranty Corporation (PBGC).

3) A defined contribution plan, on the other hand, does not promise a specific amount of benefits at retirement. In these plans, the employee or the employer (or both) contribute to the employee's individual account under the plan, sometimes at a set rate, such as 5 percent of earnings annually. These contributions generally are invested on the employee's behalf. The employee will ultimately receive the balance in their account, which is based on contributions plus or minus investment gains or losses. The value of the account will fluctuate due to the changes in the value of the investments. Examples of defined contribution plans include 401(k) plans, 403(b) plans, employee stock ownership plans, and profit-sharing plans.

4) A Simplified Employee Pension Plan (SEP) is a relatively uncomplicated retirement savings vehicles. A SEP allows employees to make contributions on a tax-favored basis to individual retirement accounts (IRAs) owned by the employees. SEPs are subject to minimal reporting and disclosure requirements. Under a SEP, an employee must set up an IRA to accept the employer's contributions. Employers may no longer set up Salary Reduction SEPs. However, employers are permitted to establish SIMPLE IRA plans with salary reduction contributions. If an employer had a salary reduction SEP, the employer may continue to allow salary reduction contributions to the plan.

5) A Profit Sharing Plan or Stock Bonus Plan is a defined contribution plan under which the plan may provide, or the employer may determine, annually, how much will be contributed to the plan (out of profits or otherwise). The plan contains a formula for allocating to each participant a portion of each annual contribution. A profit sharing plan or stock bonus plan include a 401(k) plan.

6) A 401(k) Plan is a defined contribution plan that is a cash or deferred arrangement. Employees can elect to defer receiving a portion of their salary which is instead contributed on their behalf, before taxes, to the 401(k) plan. Sometimes the employer may match these contributions.

There are special rules governing the operation of a 401(k) plan. For example, there is a dollar limit on the amount an employee may elect to defer each year. An employer must advise employees of any limits that may apply. Employees who participate in 401(k) plans assume responsibility for their retirement income by contributing part of their salary and, in many instances, by directing their own investments.

7) An Employee Stock Ownership Plan (ESOP) is a form of defined contribution plan in which the investments are primarily in employer stock.

8) A Money Purchase Pension Plan is a plan that requires fixed annual contributions from the employer to the employee's individual account. Because a money purchase pension plan requires these regular contributions, the plan is subject to certain funding and other rules.

9) A Cash Balance Plan is a defined benefit plan that defines the benefit in terms that are more characteristic of a defined contribution plan. In other words, a cash balance plan defines the promised benefit in terms of a stated account balance. In a typical cash balance plan, a participant's account is credited each year with a "pay credit" (such as 5 percent of compensation from his or her employer) and an "interest credit" (either a fixed rate or a variable rate that is linked to an index such as the one-year treasury bill rate). Increases and decreases in the value of the plan's investments do not directly affect the benefit amounts promised to participants. Thus, the investment risks and rewards on plan assets are borne solely by the employer. When a participant becomes entitled to receive benefits under a cash balance plan, the benefits that are received are defined in terms of an account balance. The benefits in most cash balance plans, as in most traditional defined benefit plans, are protected, within certain limitations, by federal insurance provided through the Pension Benefit Guaranty Corporation (PBGC).

g) A true copy of the property owner(s) Federal Income Tax return for the pretax year and filed on or before April 15th of the year the exemption is claimed shall be presented to the Town of Camden to confirm the applicant's qualification for the exemption.

For security reasons The Town of Camden will not make copies of or maintain copies of an applicants Federal Tax Return in order to protect the applicant's identity.

h) Income Limit and Amount of Exemption: The Town Council may adjust the income limits and the amount of exemption each year at the March council meeting by Resolution. (As a guide the Council is encouraged to use the Annual Consumer Price Index (CPI) of the Pretax Year when adjusting both income and amount of exemption).

A reduction in the amount of taxes on real property as provided in this ordinance shall be allowed only by written application and submittal on forms provided by The Town of Camden.

An application for exemption under this ordinance shall be filed with the Collector of Taxes at any time prior to the last date of the pretax year; provided, however, that unless the income of the applicant(s) has changed to exceed Section 2 (e) of this ordinance or unless the applicant(s) has income exceeding the $15,000 maximum, ($30,000 for those qualifying on a joint return), annual renewal shall not be required to qualify under this ordinance.

Section 3. Contents of the application

Every fact essential to support a claim for exemption under this ordinance shall exist on June 1 of the pretax year. Every application by a claimant therefore shall establish that on June 1 of the pretax year.

Section 4. Allowance of exemption

If an application is approved by the Collector of Taxes, the Town of Camden shall allow an exemption from taxation against the assessed valuation of the real property assessed to the claimant in the amount of the claim approved by the Collection of Taxes.

Section 5. Continuance of exemption

A claimant shall establish their qualifications as outlined in the ordinance once in order to receive the discount. The Collector of Taxes may, at any time, require the filing of a new application or such proof as the Collector of Taxes deem necessary to establish the right of a claimant to continued exemption. A claimant shall inform the assessor of any change in his status or property, which may affect his right to continuance of exemption.

Section 6. Appeals

An aggrieved taxpayer may request a review from the Mayor and/or Council.

ENACTED AND ORDAINED THIS 5th DAY OF JANUARY 2009.

APPROVED AS TO FORM:

Town Solicitor

Mayor Robert A. Mooney

Vice-Mayor James O. Plumley, III

Councilman Kenneth Fuchs

ATTEST:

Town Manager

Councilman Richard Snyder

Councilman Mark Babbitt

1st reading December 1 2008
2nd reading January 5, 2009
Public Hearing January 5, 2009
Adopted January 5, 2009