



# House of Representatives

General Assembly

**File No. 312**

February Session, 2006

Substitute House Bill No. 5293

*House of Representatives, April 3, 2006*

The Committee on Planning and Development reported through REP. WALLACE of the 109th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING VETERANS' PROPERTY TAX EXEMPTIONS.***

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

1 Section 1. Section 12-81g of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2006*):

3 (a) Effective for the assessment year commencing October 1, 1985,  
4 and each assessment year thereafter, any person entitled to an  
5 exemption from property tax in accordance with subdivision (19), (20),  
6 (21), (22), (23), (24), (25) or (26) of section 12-81, reflecting any increase  
7 made pursuant to the provisions of section 12-62g, shall be entitled to  
8 an additional exemption from such tax in an amount equal to [twice]  
9 two and one-half times the amount of the exemption provided for such  
10 person pursuant to any such subdivision, provided such person's  
11 qualifying income does not exceed the applicable maximum amount as  
12 provided under section 12-81l, except that if such person has a  
13 disability rating of one hundred per cent as determined by the  
14 Veterans' Administration of the United States, the total of such

15 adjusted gross income, individually, if unmarried, or jointly, if  
16 married, in the calendar year ending immediately preceding the  
17 assessment date with respect to which such additional exemption is  
18 allowed, is not more than twenty-one thousand dollars if such person  
19 is married or not more than eighteen thousand dollars if such person is  
20 not married. Any claimant who, for the purpose of obtaining an  
21 exemption under this section, wilfully fails to disclose all matters  
22 related thereto or with intent to defraud makes any false statement  
23 shall forfeit the right to claim such additional veteran's exemption.

24 (b) Effective for the assessment year commencing October 1, 1986,  
25 and each assessment year thereafter, any person entitled to an  
26 exemption from property tax in accordance with subdivision (19), (20),  
27 (21), (22), (23), (24), (25) or (26) of section 12-81, reflecting any increase  
28 made pursuant to the provisions of section 12-62g, and who is not  
29 receiving or is not eligible to receive the additional exemption under  
30 subsection (a) of this section, shall be entitled to an additional  
31 exemption from such tax in an amount equal to [one-half of] the  
32 amount of the exemption provided for such person pursuant to any  
33 such subdivision.

34 (c) The state shall reimburse each town, city, borough, consolidated  
35 town and city and consolidated town and borough by the last day of  
36 each calendar year in which exemptions were granted to the extent of  
37 the revenue loss represented by the additional exemptions provided  
38 for in [subsection (a)] subsections (a) and (b) of this section. The  
39 Secretary of the Office of Policy and Management shall review each  
40 claim for such revenue loss as provided in section 12-120b. Any  
41 claimant aggrieved by the results of the secretary's review shall have  
42 the rights of appeal as set forth in section 12-120b. In the fiscal year  
43 commencing July 1, 2003, and in each fiscal year thereafter, the amount  
44 payable to each municipality in accordance with this section shall be  
45 reduced proportionately in the event that the total amount payable to  
46 all municipalities exceeds the amount appropriated.

47 (d) The Secretary of the Office of Policy and Management shall

48 adopt regulations, in accordance with the provisions of chapter 54,  
49 establishing: (1) A procedure under which a municipality shall  
50 determine eligibility for the additional exemption under subsection (a)  
51 of this section, provided such procedure shall include a provision that  
52 when an applicant has filed for such exemption and received approval  
53 for the first time, such applicant shall be required to file for such  
54 exemption biennially thereafter, subject to the provisions of subsection  
55 (e) of this section; (2) the manner in which a municipality shall apply  
56 for reimbursement from the state for the revenue loss represented by  
57 the additional exemptions provided for in subsections (a) and (b) of  
58 this section, which shall provide a penalty for late filing of such  
59 application for reimbursement of two hundred fifty dollars but shall  
60 also provide that the secretary may waive such forfeiture in  
61 accordance with procedures and standards contained in such  
62 regulations; and (3) the manner in which the Office of Policy and  
63 Management may audit and make adjustments to applications for  
64 reimbursement from municipalities for a period of not more than one  
65 year next succeeding the deadline for such application.

66 (e) Any person who has submitted application and been approved  
67 in any year for the additional exemption under subsection (a) of this  
68 section shall, in the year immediately following approval, be presumed  
69 to be qualified for such exemption. If, in the year immediately  
70 following approval, such person has qualifying income in excess of the  
71 maximum allowed under said subsection (a), such person shall notify  
72 the tax assessor in the town allowing the additional exemption on or  
73 before the next filing date for such exemption and shall be denied such  
74 exemption for the assessment year immediately following and for any  
75 subsequent year until such person has reapplied and again qualified  
76 for such exemption. Any person who fails to notify the tax assessor of  
77 such disqualification shall make payment to the town in the amount of  
78 property tax loss related to the exemption improperly taken. Not more  
79 than thirty days after discovering such person's ineligibility for the  
80 exemption, the assessor shall send written notification of such person's  
81 identity to the Secretary of the Office of Policy and Management. If any  
82 payment was remitted under subsection (c) of this section with respect



The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Policy & Mgmt., Off.	GF - Cost	See Below	See Below

Note: GF=General Fund

#### **Municipal Impact:**

Municipalities	Effect	FY 07 \$	FY 08 \$
All Municipalities	See Below	See Below	See Below

### **Explanation**

The bill increases the amount of the state reimbursed additional veterans' property tax exemption that municipalities provide to income qualified veterans. There are approximately 22,400 qualified veterans which will result in an increased cost of \$8.1 million in FY 07. Additionally, the bill extends the state's reimbursement for a municipality's tax loss due to these exemptions to non-income eligible veterans. There are approximately 215,200 such veterans which would result in a cost of \$15.9 million in FY 07.

To fully implement the provisions of this bill will result in a total cost of \$24 million in FY 07, however, under current law if appropriations are not sufficient to fully fund the grant, payments to municipalities are reduced on a pro rata basis resulting in municipal costs. A municipality could increase its mill rate or modify spending to offset any decrease in property taxes as a result of the increase in the un-reimbursed portion of the property tax abatement for veterans.

### **The Out Years**

The annualized ongoing fiscal impact identified above would

continue subject to municipal revaluations and changes in local mill rates.

**OLR Bill Analysis**  
**sHB 5293**

**AN ACT CONCERNING VETERANS' PROPERTY TAX EXEMPTIONS.**

**SUMMARY:**

Existing law contains the following veterans' property tax exemptions: a basic state-mandated exemption, an income-based additional state-mandated exemption, and an income-based local-option exemption.

Under current law, (1) veterans below a certain statutorily determined income limit get a greater additional exemption than other veterans and (2) the state reimburses towns for the revenue they lose from providing the additional exemption to veterans below the income limit. This bill increases the state-mandated additional exemptions. And it requires the state to reimburse towns for the revenue loss resulting from providing mandatory additional exemptions to all veterans, not just to those below the income limit.

The income limit for the 2006 grand list is \$27,700 for single applicants and \$33,900 for married applicants.

EFFECTIVE DATE: October 1, 2006

**VETERANS' PROPERTY TAX EXEMPTIONS**

By law, towns must give a basic property tax exemption of at least \$1,000 to qualified veterans without disabilities and at least \$1,500 to those with a disability. (The basic exemption for disabled veterans depends on the disability and is up to \$10,000 for the most severe disability.) Towns must increase this basic exemption when a revaluation results in a taxable grand list increase—currently set at 150% over the previous year in Office of Policy and Management

guidelines.

Under current law, towns must also give veterans getting the basic exemption an additional exemption:

1. equal to twice the basic exemption if the veteran's income is below a certain statutorily determined threshold (below-income veterans) or
2. equal to half the basic amount to veterans above the threshold.

The bill requires towns to increase the additional exemption for veterans whose income is below the threshold by two and one-half times the basic exemption. It requires towns to increase the additional exemptions for other veterans to an amount equal to the basic exemption.

Table 1 shows the effect of the change on veterans below the income threshold in three hypothetical towns. Table 2 shows the effect on other veterans in three hypothetical towns.

**TABLE 1: ADDITIONAL EXEMPTIONS FOR VETERANS BELOW THRESHOLD**

<i>Current Law</i>				<i>The Bill</i>		
<i>Town</i>	<i>Basic Exemption</i>	<i>Additional Exemption</i>	<i>Total</i>	<i>Basic Exemption</i>	<i>Additional Exemption</i>	<i>Total</i>
A	\$1,000	\$2,000	\$3,000	\$1,000	\$2,500	\$3,500
B	\$2,000 (26%-50% disability)	\$4,000	\$6,000	\$2,000	\$5,000	\$7,000
C	\$4,000 (Revaluation Increase)	\$8,000	\$12,000	\$4,000	\$10,000	\$14,000

**TABLE 2: ADDITIONAL EXEMPTIONS FOR OTHER VETERANS**

<b>Current Law</b>				<b>The Bill</b>		
<i>Town</i>	<i>Basic Exemption.</i>	<i>Additional Exemption</i>	<i>Total</i>	<i>Basic Exemption</i>	<i>Additional Exemption</i>	<i>Total</i>
A	\$1,000	\$500	\$1,500	\$1,000	\$1,000	\$2,000
B	\$2,000 (20%-50% disability)	\$1,000	\$3,000	\$2,000	\$2,000	\$4,000
B	\$4,000 (Revaluation Increase)	\$2,000	\$6,000	\$4,000	\$4,000	\$8,000

Under current law, the state reimburses towns for the revenue loss from the additional exemptions they provide to veterans below the statutorily determined income threshold. The bill requires the state to reimburse the state for the revenue loss from the mandated additional exemptions to other veterans as well.

## **BACKGROUND**

### ***Eligibility for Veterans' Property Tax Exemption***

An exemption is a reduction in the assessed value of the property on which taxes are owed.

Generally, to be eligible for veterans' property tax exemptions, a veteran must have been honorably discharged from service after having served at least 90 days of active-duty service in the U. S. Armed Forces during a statutorily defined time of war, unless he was separated earlier because of a Veterans' Administration (VA)-rated service-connected disability or the war lasted for a shorter period and he served for the duration.

Veterans still in the service are eligible if they meet the 90-day requirement, as are veterans who retired after 30 years of service. For World War II, veterans with certain Merchant Marine service and military service with allied armies also qualify.

A veteran's spouse is ordinarily entitled to the property tax exemption for which the deceased veteran qualified. A sole surviving parent and the minor child of a veteran who died while serving in the armed forces or after receiving an honorable discharge is also entitled to an exemption.

Exemption amounts depend on income, disability, and other factors. The qualifying income for the 2006 grand list is \$27,000 for single applicants and \$33,900 for married applicants. (There is a different income limit for veterans with 100% Veterans' Administration-rated disability.)

**Related Bills**

sHB 5489 makes more veterans eligible for veterans' property tax exemptions. It does this by eliminating war service as a criterion for the exemptions.

sSB 169 excludes disability payments from qualifying income for purposes of veterans' property tax exemptions.

**COMMITTEE ACTION**

Select Committee on Veterans' Affairs

Joint Favorable Substitute Change of Reference

Yea 11    Nay 0    (03/07/2006)

Planning and Development Committee

Joint Favorable

Yea 16    Nay 0    (03/17/2006)