



# OLR RESEARCH REPORT

June 14, 2012

2012-R-0236

## LOCAL OPTION PROPERTY TAX RELIEF PROGRAMS

By: Rute Pinho, Associate Analyst

You asked for a description of the state's local option property tax relief programs for homeowners.

### SUMMARY

State law gives towns the option of providing limited property tax relief to homeowners based on their (1) income, (2) age or disability, or (3) veteran or emergency personnel status. The programs target specific groups of homeowners, including seniors, veterans, individuals with disabilities, firefighters and emergency personnel, and individuals whose property taxes exceed 8% of their income. These optional property tax relief programs are in addition to the tax relief municipalities are required to provide under state law, which we summarized in a recent OLR Report ([2012-R-0104](#)) (attached).

### INCOME-BASED PROGRAMS

#### *Deferral of Taxes Exceeding 8% of Homeowner's Income*

Towns' legislative bodies can vote to defer property taxes for any owner-occupied residence if the tax exceeds 8% of the owner's income for a given year. Deferred taxes are a lien on the property and must be paid with interest, when the homeowner dies or the property is sold ([CGS § 12-124a](#)).

## ***Abatement of Taxes for the Poor***

Town selectmen, city mayors and aldermen, borough wardens and burgesses, and other communities' committees may abate taxes or the interest on delinquent taxes assessed on people who are poor and cannot pay ([CGS § 12-124](#)).

## **PROGRAMS FOR SENIORS AND INDIVIDUALS WITH DISABILITIES**

### ***Tax Freeze for Seniors***

Municipalities may freeze property taxes on homes owned by those aged 70 or older who have lived in the state at least one year. The freeze can also apply to a surviving spouse who is at least age 62 when the homeowner dies. Homeowners must meet the income limits for the state-reimbursed circuit breaker program to qualify for the additional tax freeze ([CGS § 12-170aa](#) to [CGS § 12-170cc](#)). Towns may also impose asset limits for eligibility. Those whose taxes are frozen can also qualify for other property tax relief programs ([CGS § 12-170v](#) to [CGS § 12-170w](#)).

### ***Relief for the Elderly and Individuals with Permanent Disability***

[CGS § 12-129n](#) allows towns, upon approval by the town's legislative body, to provide relief to seniors age 65 or older and people with disabilities. It imposes no income criteria and does not require towns to adopt any.

This law allows towns to provide relief to homeowners already receiving tax relief under the circuit breaker program as well as to those who do not meet that program's income criteria. The tax relief can take any form, including freezing tax payments at specified levels. But the overall amount of tax relief towns can provide is limited to no more than 10% of the total value of real property in the town in a given year. And the total value of tax relief a homeowner can receive under this and the tax freeze and circuit breaker programs cannot exceed his or her annual tax. The town must put a lien on the property if the amount of tax relief is more than 75% of the tax owed, and the law places several other restrictions on optional, unreimbursed local tax relief.

### ***Exemption for Homeowners with Disabilities***

Municipalities must provide qualifying homeowners with disabilities a \$1,000 property tax exemption. The law allows municipalities the option of also providing these homeowners an additional exemption of up to \$1,000 ([CGS § 12-81i](#)).

In order to qualify for both exemptions, a homeowner must: (1) be eligible to receive permanent total disability benefits under Social Security; (2) qualify for permanent disability benefits under a federal, state, or local government retirement plan; or (3) be 65 years or older and no longer eligible to receive benefits under the disability benefit provisions of Social Security ([CGS § 12-81\(55\)](#)).

### ***Exemption for Special Tax Levied***

Municipalities may exempt a prorated amount of any special tax levied on real property for low-income seniors and individuals with disabilities eligible for the mandatory tax freeze program for these homeowners ([CGS § 12-129o](#)).

### ***Exemption for Individuals who are Blind***

Municipalities may provide a \$2,000 exemption to qualifying homeowners who are blind ([CGS § 12-81j](#)). This local option exemption is in addition to the mandatory \$3,000 exemption municipalities provide to these homeowners ([CGS § 12-81\(17\)](#)).

## **PROGRAMS FOR VETERANS OR EMERGENCY PERSONNEL**

### ***Relief for Firefighters and Emergency Personnel***

Municipalities may provide property tax relief to the non-salaried local emergency management director and any individual who volunteers his or her services as a firefighter, fire police officer, emergency medical technician, paramedic, civil preparedness staff, an active member of a volunteer canine search and rescue team, an active member of a volunteer underwater search and rescue team, or an ambulance driver in the municipality.

The tax relief may be in the form of either (1) an abatement of up to \$1,000 in property taxes due for any fiscal year or (2) an exemption applicable to the assessed value of real or personal property up to an amount equal to \$1 million divided by the mill rate, in effect at the time of assessment, expressed as a whole number of dollars per \$1,000 of assessed value. Any ordinance may authorize interlocal agreements for the purpose of providing property tax relief to such volunteers who live in one municipality but volunteer their services in another municipality ([CGS § 12-81w](#)).

### ***Abatement for Surviving Spouses of Police Officers or Fire Fighters***

Municipalities may establish a program to abate all or a portion of the property tax on the principal residence of the surviving spouse of a police officer or firefighter who dies while in the performance of his or her duties ([CGS § 12-81x](#)).

### ***Exemption for Veterans Receiving Standard Exemption***

State law provides a basic \$1,200 municipal property tax exemption for qualified veterans or their surviving spouses. Municipalities may provide an additional exemption of up to \$10,000 or 10% of the property's assessed value to veterans who qualify for the basic exemption and meet certain income limits ([CGS § 12-81f](#)).

### ***Exemption for Veterans with Severe Disabilities***

Municipalities may provide a total exemption to those veterans receiving financial assistance for specially adapted housing under Title 38 of the United States Code. (A specially adapted home is one outfitted to make it suitable for someone who has lost his limbs or eyesight.) If a municipality provides a total exemption, the taxpayer is not permitted to receive the state mandated exemption for veterans with severe disabilities ([CGS § 12-81\(21\)\(c\)](#)).

RP:ro