



House of Representatives

General Assembly

File No. 103

January Session, 2015

Substitute House Bill No. 5334

House of Representatives, March 19, 2015

The Committee on Veterans' Affairs reported through REP. HENNESSY of the 127th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT PROVIDING PROPERTY TAX RELIEF TO VETERANS.

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

1 Section 1. Subdivisions (19) to (21), inclusive, of section 12-81 of the
2 general statutes are repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2015, and applicable to assessment years*
4 *commencing on or after October 1, 2015*):

5 (19) Subject to the provisions of sections 12-89, 12-90 and 12-95,
6 property [to the amount of one thousand dollars belonging] to the
7 extent of ten per cent of its assessed value that belongs to, or is held in
8 trust for, (A) any resident of this state who [(a)] is a veteran of the
9 armed forces in service in time of war, [(b)] (B) any resident of this
10 state who was a citizen of the United States at the time of his or her
11 enlistment and who was in the military or naval service of a
12 government allied or associated with that of the United States during
13 the Second World War and received an honorable discharge
14 therefrom, [(c)] (C) any resident of this state who served during the
15 Second World War as a member of any armed force of any

16 government signatory to the United Nations Declaration of January 1,
17 1942, and participated in armed conflict with an enemy of the United
18 States and who has been a citizen of the United States for at least ten
19 years and presents satisfactory evidence of such service, [(d)] (D) any
20 resident of this state who served as a member of the crew of a
21 merchant vessel during the Second World War and is qualified with
22 respect to such service as a member of the group known as the
23 "American Merchant Marine in ocean-going service during the period
24 of armed conflict, December 7, 1941, to August 15, 1945", members of
25 which are deemed to be eligible for certain veterans benefits under a
26 determination in the United States Department of Defense, as recorded
27 in the Federal Register of February 1, 1988, provided such resident has
28 received an armed forces discharge certificate from the Department of
29 Defense on the basis of such service, [(e)] (E) any member of the armed
30 forces who was in service in time of war and is still in the service and
31 by reason of continuous service has not as yet received a discharge,
32 [(f)] (F) any person who is retired from the armed forces after thirty
33 years of service because [he] such person has reached the age limit
34 prescribed by law or because [he] such person suffers from mental or
35 physical disability, or [(g)] (G) any person who is serving in the armed
36 services in time of war; or lacking said amount of property in his or her
37 own name, so much of the property belonging to, or held in trust for,
38 [his] such person's spouse, who is domiciled with him or her, as is
39 necessary to equal said amount. For the purposes of this subdivision,
40 "veteran", "armed forces" and "service in time of war" have the same
41 meaning as in section 27-103;

42 (20) Subject to the provisions hereinafter stated, property [not
43 exceeding three thousand dollars in amount shall be exempt from
44 taxation, which property belongs to, or is] belonging to, or held in trust
45 for, any resident of this state who has served, or is serving, in the
46 Army, Navy, Marine Corps, Coast Guard or Air Force of the United
47 States and [(1)] has a disability rating by the [Veterans' Administration
48 of the] United States Department of Veterans Affairs amounting to ten
49 per cent or more [of total disability, provided such exemption shall be
50 fifteen hundred dollars in any case in which such rating is between ten

51 per cent and twenty-five per cent; two thousand dollars in any case in
52 which such rating is more than twenty-five per cent but not more than
53 fifty per cent; twenty-five hundred dollars in any case in which such
54 rating is more than fifty per cent but not more than seventy-five per
55 cent; and three thousand dollars in any case in which such person has
56 attained sixty-five years of age or such rating is more than seventy-five
57 per cent; or (2)] shall be exempt from taxation as follows: (A) Fifteen
58 per cent of the assessed value of such property if such disability rating
59 is at least ten per cent but not more than twenty-five per cent; (B)
60 twenty per cent of the assessed value of such property if such
61 disability rating is more than twenty-five per cent but not more than
62 fifty per cent; (C) twenty-five per cent of the assessed value of such
63 property if such disability rating is more than fifty per cent but not
64 more than seventy-five per cent; and (D) thirty per cent of the assessed
65 value of such property if (i) such disability rating is more than seventy-
66 five per cent, (ii) such person has attained sixty-five years of age, or
67 (iii) such person is receiving a pension, annuity or compensation from
68 the United States because of the loss in service of a leg or arm or that
69 which is considered by the rules of the United States Pension Office or
70 the Bureau of War Risk Insurance the equivalent of such loss. If such
71 veteran or member of the armed forces lacks such [amount of]
72 property in his or her name, so much of the property belonging to, or
73 held in trust for, his or her spouse, who is domiciled with him or her,
74 [as is necessary to equal such amount] shall also be so exempt. When
75 any veteran or member of the armed forces entitled to an exemption
76 under the provisions of this section has died, property belonging to, or
77 held in trust for, his or her surviving spouse, while such spouse
78 remains a widow or widower, or belonging to or held in trust for his or
79 her minor children during their minority, or both, while they are
80 residents of this state, shall be exempt in the same [aggregate amount]
81 percentage as that to which the disabled veteran or member of the
82 armed forces was or would have been entitled at the time of his or her
83 death. No individual entitled to exemption under this subdivision and
84 under one or more of subdivisions (19), (22), (23), (25) and (26) of this
85 section shall receive more than one exemption. No individual shall

86 receive any exemption to which he or she is entitled under this
87 subdivision until he or she has complied with section 12-95 and has
88 submitted proof of his or her disability rating, as determined by the
89 [Veterans' Administration of the] United States Department of
90 Veterans Affairs, to the assessor of the town in which the exemption is
91 sought. If there is no change to an individual's disability rating, such
92 proof shall not be required for any assessment year following that for
93 which the exemption under this subdivision is granted initially. If the
94 [Veterans' Administration of the] United States Department of
95 Veterans Affairs modifies [a veteran's] the disability rating of a veteran
96 or member of the armed forces, such modification shall be deemed a
97 waiver of the right to such exemption until proof of disability rating is
98 submitted to the assessor and the right to such exemption is
99 established as required initially. Any person who has been unable to
100 submit evidence of disability rating in the manner required by this
101 subdivision, or who has failed to submit such evidence as provided in
102 section 12-95, may, when he or she obtains such evidence, make
103 application to the collector of taxes within one year after he or she
104 obtains such proof or within one year after the expiration of the time
105 limited in section 12-95, as the case may be, for abatement in case the
106 tax has not been paid, or for refund in case the whole tax has been
107 paid, of such part or the whole of such tax as represents the service
108 exemption. Such abatement or refund may be granted retroactively to
109 include the assessment day next succeeding the date as of which such
110 person was entitled to such disability rating as determined by the
111 [Veterans' Administration of the] United States Department of
112 Veterans Affairs, but in no case shall any abatement or refund be made
113 for a period greater than three years. The collector shall, after
114 examination of such application, refer the same, with his or her
115 recommendations thereon, to the board of selectmen of a town or to
116 the corresponding authority of any other municipality, and shall
117 certify to the amount of abatement or refund to which the applicant is
118 entitled. Upon receipt of such application and certification, the
119 selectmen or other duly constituted authority shall, in case the tax has
120 not been paid, issue a certificate of abatement or, in case the whole tax

121 has been paid, draw an order upon the treasurer in favor of such
122 applicant for the amount without interest which represents the service
123 exemption. Any action so taken by such selectmen or other authority
124 shall be a matter of record and the tax collector shall be notified in
125 writing of such action;

126 (21) (A) The dwelling house, and the lot whereupon the same is
127 erected, belonging to or held in trust for any person who is a citizen
128 and resident of this state, occupied as such person's domicile, shall be
129 exempt from local property taxation to the extent of ten thousand
130 dollars of its assessed valuation or, lacking said amount in property in
131 such person's own name, so much of the property belonging to, or held
132 in trust for, such person's spouse, who is domiciled with such person,
133 as is necessary to equal said amount, if such person is a veteran who
134 served in the Army, Navy, Marine Corps, Coast Guard or Air Force of
135 the United States and has been declared by the United States [Veterans'
136 Administration] Department of Veterans Affairs or its successors to
137 have a service-connected disability from paraplegia or osteochondritis
138 resulting in permanent loss of the use of both legs or permanent
139 paralysis of both legs and lower parts of the body; or from hemiplegia
140 and has permanent paralysis of one leg and one arm or either side of
141 the body resulting from injury to the spinal cord, skeletal structure or
142 brain or from disease of the spinal cord not resulting from any form of
143 syphilis; or from total blindness as defined in section 12-92; or from the
144 amputation of both arms, both legs, both hands or both feet, or the
145 combination of a hand and a foot; sustained through enemy action, or
146 resulting from accident occurring or disease contracted in such active
147 service. Nothing in this subdivision shall be construed to include
148 paraplegia or hemiplegia resulting from locomotor ataxia or other
149 forms of syphilis of the central nervous system, or from chronic
150 alcoholism, or to include other forms of disease resulting from the
151 veteran's own misconduct which may produce signs and symptoms
152 similar to those resulting from paraplegia, osteochondritis or
153 hemiplegia. The loss of the use of one arm or one leg because of service
154 related injuries specified in this subdivision shall qualify a veteran for
155 a property tax exemption in the same manner as hereinabove,

156 provided such exemption shall be for five thousand dollars;

157 (B) The exemption provided for in this subdivision shall be in
158 addition to any other exemption of such person's real and personal
159 property allowed by law, but no taxpayer shall be allowed more than
160 one exemption under this subdivision. No person shall be entitled to
161 receive any exemption under this subdivision until such person has
162 satisfied the requirements of subdivision (20) of this section. The
163 surviving spouse of any such person who at the time of such person's
164 death was entitled to and had the exemption provided under this
165 subdivision shall be entitled to the same exemption, (i) while such
166 spouse remains a widow or widower, or (ii) upon the termination of
167 any subsequent marriage of such spouse by dissolution, annulment or
168 death and while a resident of this state, for the time that such person is
169 the legal owner of and actually occupies a dwelling house and
170 premises intended to be exempted hereunder. When the property
171 which is the subject of the claim for exemption provided for in this
172 subdivision is greater than a single family house, the assessor shall
173 aggregate the assessment on the lot and building and allow an
174 exemption of that percentage of the aggregate assessment which the
175 value of the portion of the building occupied by the claimant bears to
176 the value of the entire building;

177 (C) Subject to the approval of the legislative body of the
178 municipality, the dwelling house and the lot whereupon the same is
179 erected, belonging to or held in trust for any citizen and resident of this
180 state, occupied as such person's domicile shall be fully exempt from
181 local property taxation, if such person is a veteran who served in the
182 Army, Navy, Marine Corps, Coast Guard or Air Force of the United
183 States and has received financial assistance for specially adapted
184 housing under the provisions of Section 801 of Title 38 of the United
185 States Code and has applied such assistance toward the acquisition or
186 modification of such dwelling house. The same exemption may also be
187 allowed on such housing units owned by the surviving spouse of such
188 veteran (i) while such spouse remains a widow or widower, or (ii)
189 upon the termination of any subsequent marriage of such spouse by

190 dissolution, annulment or death, or by such veteran and spouse while
191 occupying such premises as a residence;

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015, and applicable to assessment years commencing on or after October 1, 2015</i>	12-81(19) to (21)

VA *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 16 \$	FY 17 \$
Policy & Mgmt., Off.	GF - Cost	None	Significant

Municipal Impact:

Municipalities	Effect	FY 16 \$	FY 17 \$
All Municipalities	STATE MANDATE - Grand List Reduction	None	Significant

Explanation

The bill sets the base property tax exemption for non-disabled veterans at 10% of the assessed value of property and sets the base property tax exemption for disabled veterans at between 15% and 30% of the assessed value of the veterans' property.

Under current law, there is an additional property tax exemption for veterans that meet certain income requirements. This exemption is set at up to twice the base exemption. By increasing the base exemption, the bill also increases this additional exemption.

The bill results in a significant grand list reduction to municipalities. The table below shows how the bill changes the net assessment of a house that 1) has a gross assessment of \$200,000 and; 2) is owned by a non-disabled veteran who qualifies for an additional exemption of twice the base exemption.

	Current Law \$	HB 5334 \$
Gross Assessment	200,000	200,000
Base Exemption	1,000	20,000
Additional Exemption	2,000	40,000
Net Assessment	197,000	140,000

In the scenario portrayed in the above table, the taxable value of the house (the net assessment) decreases from \$197,000 under current law to \$140,000. Please note that this does not include the impact of any other property tax exemptions that a veteran may qualify for, and which are not impacted by this bill.

The bill also results in a significant cost to the Office of Policy and Management (OPM), which reimburses municipalities for the tax loss on the additional exemption (but not the basic exemption). However, as statute allows for proration of grant payments, this cost would only be realized if the program was fully funded.

Due to the timing of the bill, FY 17 is the first year in which there would be any fiscal impact to the state or municipalities.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in municipal mill rates and grand lists.

OLR Bill Analysis**sHB 5334*****AN ACT PROVIDING PROPERTY TAX RELIEF TO VETERANS.*****SUMMARY:**

This bill changes the basis for determining the value of property tax exemptions for (1) certain war-time veterans (i.e., basic veterans' exemption) and (2) veterans and service members with disabilities. It does so by replacing the current flat property tax exemption amounts with a percentage of the property's assessed value. It also removes the state residency requirement for some war-time veterans and service members.

The bill also changes an additional income-based property tax exemption that is linked to the base value of these two veterans' exemptions. By law, unchanged by the bill, veterans and service members receiving these exemptions are generally eligible for an additional property tax exemption of one-half or twice the base exemption, depending on their income (see BACKGROUND). By law, the state reimburses municipalities for a portion of the revenue loss from the additional income-based exemptions, but the reimbursements are prorated if the state's annual appropriation is not enough to fully fund them.

By law, municipalities must increase the base and additional income-based exemptions to reflect certain increases in the municipality's taxable grand list following revaluation (CGS § 12-62g).

The bill also makes technical changes.

EFFECTIVE DATE: October 1, 2015 and applicable to assessment years beginning on or after that date.

BASIC VETERANS' EXEMPTION

The bill replaces the \$1,000 property tax exemption for certain war-time veterans with an exemption amount worth 10% of the property's assessed value. The veteran must own the property or have it held in trust for him or her.

By law, a veteran is eligible for the exemption if he or she served (1) for at least 90 days (cumulative) in the U.S. Armed Forces during a time of war, (2) as an American Merchant Marine in World War II, or (3) as a member of any allied armed forces associated with the U.S. during World War II (see BACKGROUND).

Under current law, eligible veterans or service members must be state residents in order to qualify for the exemption. The bill eliminates the state residency requirement for:

1. any armed forces member who served in time of war, is still in the service, and because of the continuous service has not received a discharge;
2. anyone who is retired from the armed forces after 30 years of service because he or she (a) has reached the age limit set by law or (b) suffers from mental or physical disability; and
3. anyone currently serving in the armed services in a time of war.

EXEMPTION FOR VETERANS AND SERVICE MEMBERS WITH DISABILITIES

The law provides a property tax exemption to state residents who serve or served in the Army, Navy, Marine Corps, Coast Guard, or Air Force and have a U.S. Department of Veterans Affairs (DVA) disability rating of at least 10%. Generally, the amount of the exemption varies according to the disability rating.

The bill replaces the flat property tax exemption amount with a percentage of the property's assessed value, as shown in Table 1.

Table 1: Disabled Veterans' Property Tax Exemptions

Disability Rating	Exemption Amount Under Current Law	Exemption Amount Under The Bill (percent of property's assessed value)
10%-25%	\$1,500	15%
26%-50%	2,000	20%
51%-75%	2,500	25%
76%-100%	3,000	30%
At least 10% if age 65 or older	3,000	30%

The bill also replaces the flat \$3,000 exemption with an amount equal to 30% of the property's assessed value for veterans and service members who, regardless of disability rating, receive federal compensation because of the loss of a limb in military service.

BACKGROUND

Veterans' Property Tax Exemption

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

The law allows a veteran's or service member's live-in spouse to claim the exemption if the veteran or service member does not have enough property. A deceased veteran's spouse is also ordinarily entitled to the property tax exemption for which the deceased veteran qualified. A sole surviving parent or 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.

Additional State-Mandated Veteran's Exemptions

By law, municipalities must provide an additional property tax exemption to veterans and service members receiving various veterans property tax exemptions. The exemption amount is income based and is generally either one-half or twice the base exemption. (For certain veterans and service members with 100% disability, a municipality may choose to provide an additional exemption of three times the base exemption.)

For veterans and service members with a 100% disability rating, the

income limit is \$18,000 for unmarried veterans and \$21,000 for married veterans. For all other disabilities, including veterans with severe service-connected disabilities, the income limits are set annually by the Office of Policy and Management to reflect updated cost-of-living adjustments. The 2014 income limits were \$34,600 for unmarried veterans and \$42,200 for married veterans.

Basic Veterans Property Tax Eligibility

The basic veterans exemption is available to state residents who are veterans of the U.S. Armed Forces (Army, Navy, Marine Corps, Coast Guard, and Air Force and any reserve component of these branches, including the Connecticut National Guard performing duty under Title 32 of federal law) and have served 90 days in a time of war, as shown in table 2.

Table 2: Service in a Time of War

Operation	Date	Service Condition
World War II	12/07/41-12/31/47*	Active service during the war
Korean War	06/27/50-01/31/55	Active service during the war
Lebanon Conflict	07/01/58-11/01/58 or 09/29/82-03/30/84	Combat or combat-support role in Lebanon
Vietnam Era	02/28/61-07/01/75	Active service during the war
Grenada invasion	10/25/83-12/15/83	Combat or combat-support role in Grenada required
Operation Earnest Will (escort of Kuwaiti tankers flying U.S. flag in Persian Gulf)	07/24/87-08/01/90	Combat or combat-support role required in the operation
Panama invasion	12/20/89-01/31/90	Combat or combat-support role required in the invasion
Persian Gulf War	08/02/1990 until a date prescribed by the President or law	Active-service anywhere during the war (not necessarily in the Persian Gulf or in a combat role)

*Ending dates specified in [CGS § 12-86](#) for property tax exemptions.

Additionally, World War II veterans of certain allied armed forces are also eligible if they (1) were a U.S. citizen at enlistment and received an honorable discharge or (2) have been a U.S. citizen for at

least 10 years and participated in armed conflict with an enemy of the U.S.

Related Bills

The Veterans' Affairs Committee favorably reported (1) HB 116, which doubles current property tax exemption amounts for disabled veterans and service members and severely disabled veterans and (2) SB 523, which waives interest on property tax for certain service members who are serving out-of-state.

COMMITTEE ACTION

Veterans' Affairs Committee

Joint Favorable Substitute

Yea 14 Nay 0 (03/05/2015)