

Testimony Submitted to the Veterans' Affairs Committee

S.B. No. 202:

An Act Concerning Veterans' Property Taxes

Submitted by: Linda Buchanan, Hartford, CT

February 23, 2016

Senator Flexer, Representative Hennessy and distinguished members of the Veterans' Affairs Committee, my name is Linda Buchanan. Thank you for raising Senate Bill 202, to allow municipalities the option of increasing the maximum property tax exemption a municipality may provide to veterans or their surviving spouses from the current \$10,000 to \$15,000.

For eleven years I have watched my partner struggle to pay his annual property taxes for his small ranch house in Coventry. Richard is a 69 year-old 100% service-connected disabled Vietnam veteran. Drafted in 1967, he was severely injured in Vietnam in November, 1968 when a booby trap was set off while he was walking point in Quang Tin Province. He was 21. Almost 48 years later, Richard's body remains full of shrapnel; his left lower leg is 3 times its normal size; he only has 1/4 of his stomach remaining, resulting in lifelong digestive issues; his left thumb and ankle are fused; and he struggles to function every day due to a Traumatic Brain Injury involving the destruction of part of the left front temporal lobe of his brain.

In addition to his permanent and total VA disability rating due to his severe physical injuries, Richard has also battled severe Post Traumatic Stress Disorder, depression and anxiety for close to five decades. He is literally 200% disabled – the emotional and cognitive disabilities, in many ways, present greater challenges to his daily living than do his physical ones. Against all odds, after years of extreme thrift on his VA disability pension, 32 years ago Richard managed to buy his small ranch house in Coventry, his primary residence ever since.

The VA has a very high standard for a rating of 100% service-connected disabled. Even veterans who are completely blind may not qualify as 100%. At the VA hospitals in Newington and West Haven, where Richard has received all of his medical care for 46 years (in 1969-70, he was in a naval hospital in Chelsea, MA for 14 months following his combat injuries), heads turn when the phrase "100% service-connected disabled" is uttered.

Only *seven* states offer lower property tax exemptions for a 100% service-connected disabled veteran's primary residence than Connecticut. I have to remind myself not to be offended every time we talk about "honoring our vets," every time someone says, "Thank you for your service." Though our intentions are always noble, the fact is CT ranks near the bottom in some of the most important ways when it comes to honoring our veterans, when it comes to their financial welfare.

Here I should say that I am thrilled to be able to say that our state is among the first in the country to virtually eliminate long-term homelessness for Veterans. Kudos to all!

Increasing the optional maximum property tax exemption that our municipalities may offer our qualifying veterans and their surviving spouses for \$10,000 to \$15,000 is a very small step in our

efforts to improve our State's sad standing amongst the other 49 states, especially for the fewer than 1,000 CT veterans who are rated by the VA as 100% service-connected disabled, veterans who have made the greatest sacrifice possible short of dying in combat. Qualifying Veterans who own property are a significantly smaller population, spread over 169 municipalities. The fiscal impact of SB 202 on municipalities would be small.

Though we are all fully aware of the budget constraints Connecticut faces, it remains our moral obligation to do the right thing by those who have served our country, especially those rated by the VA as severely disabled, who have given so much.

In my view, our income limits for these exemptions are too low, and the exemption should be statewide and mandatory, rather than at the discretion of each municipality. In Connecticut, having a 100% service-connected disability rating qualifies a low- or moderate-income veteran for exactly nothing. Though Richard's sole income is his VA disability pension, it is too high for him to qualify for the additional income-based exemption that SB 202 proposes to increase, so this bill will do nothing to help him. In addition, I would ask that you review the requirement that Veterans must apply annually for these discretionary exemptions. We should only require notification if a Veteran's or their spouses income changes sufficiently to affect their exemption.

I hope that, in the future, Connecticut will adopt what so many other states have, a 100% property tax exemption for the primary residence of a 100% service-connected disabled vets and their surviving spouses. The question, for me, is not whether we can afford it; the question is what we do to repay our solemn collective debt to these men and women.

Thank you, I know that all of you will do your very best. Richard is grateful, as am I. I am happy to answer any questions.

Respectfully submitted,

Linda Buchanan

Background for SB 202

CT Property Tax Exemptions for Veterans; Exemptions in CT and Other States for 100% Service-Connected Disabled Veterans

Reference: <http://cgalites/2015/rpt/pdf/2015-R-0011.pdf>

State-mandated property tax exemptions for disabled veterans in CT are minimal. The exemptions are on the *assessed value*, **not** a credit toward property tax owed. That means that if your primary residence is assessed at \$50,000, \$49,000 is subject to property tax.

“Veterans’ exemptions are not automatic. By law, eligible claimants must apply for them and provide proof of eligibility.”

Individual tax assessor's offices vary greatly in how good they are about informing residents about their eligibility. When I asked the Coventry assessor's office about this, they said, "Well, we mail out a notice once a year." How many 100% service-connected disabled vets live in Coventry? I would guess certainly fewer than 20.

CT Property Tax Exemptions for Severe Service-Connected Disabilities

In CT, having 100% service-connected disability rating does *not* qualify a veteran for either the \$5,000 or \$10,000 property tax exemption.

No other state that mandates property tax exemptions for disabled vets allows them for loss of limbs, paralysis and blindness but *not* for other 100% service-connected disabled vets.

"Veterans with severe, service-connected disabilities are eligible for a state-mandated property tax exemption (CGS § 12-81(21)). The minimum exemption amount is \$5,000 for the loss of the use of an arm or a leg or \$10,000 for:

1. Permanent loss of use of both legs or permanent paralysis of both legs and lower parts of the body;
2. Permanent paralysis of one leg and one arm on either side of the body resulting from injury of the spinal cord, skeletal structure, or brain or from spinal cord disease;
3. Amputation of both arms, both legs, both hands, or both feet or a combination of a hand and a foot; or,
4. Total blindness."

How many people in CT would qualify for a property tax exemption for 100% service-connected disabled veterans?

- In 2008, 2,400 working-age civilian veterans in CT had the most severe service-connected disability rating (70 percent or above).

The number of *100% service-connected* disabled veterans is likely half or less of this number, a very small number of people state-wide or for any individual municipality.

Source (Census data):

<https://www.disabilitystatistics.org/reports/report.cfm?fips=2009000#veteran>

CT Income Limits

Current CT law further provides for an additional income-based exemption for “severely service-connected disabled” veterans, but the income limits are extremely low.

“For 100% disabled veterans, the law statutorily sets the limit at \$18,000 for unmarried veterans and \$21,000 for married veterans, while others with disabilities have the limit set by OPM.”

Note: A 100% service-connected disabled veteran receives a monthly VA disability pension of \$2,816 if single, \$2,976 if married, for an annual (non-taxable) income of approximately \$34,000-\$36,000.

How other states compare to CT

OLR: “States That Fully Exempt Property Tax for Homes of Totally Disabled Veterans” 3-5-15

<http://cgalites/2015/rpt/pdf/2015-R-0305.pdf>

This report lists 11 states that provide 100% property tax exemption for the primary residence of 100% service-connected disabled veterans:

Arkansas, Florida, Hawaii, Maryland, Michigan, New Hampshire, New Jersey, New Mexico, Oklahoma, Texas and Virginia.

Note: Last year Illinois passed SB 107 unanimously, giving 100% service-connected disabled vets 100% property tax exemption on primary residence, so you can add Illinois to this list, making it **12 states**.

Here is what this OLR report does *not* say –

18 - 24 states exempt a higher (most far higher) assessed value amount of a 100% service-connected disabled veteran’s primary residence than CT does (have not researched Missouri or 5 states listed as ‘varies’; amounts refer to assessed value):

- | | |
|--------------------|--------------------------------------------------------------|
| 1. Alaska | \$150,000 for veterans with 50% or higher disability rating |
| 2. California | \$150,000 for veterans whose income does not exceed \$40,000 |
| 3. Colorado | 50% exemption on first \$150,000 |
| 4. Georgia | \$60,000 or more |
| 5. Indiana | \$37,440 if 62 or older |
| 6. Kentucky | \$36,000 |
| 7. Louisiana | \$150,000 |
| 8. Maine | \$6,000 if 62 or older |
| 9. Missouri | unknown |
| 10. Minnesota | \$300,000 (\$150,000 if disability rating is 70% or higher) |
| 11. Nevada | \$20,000 if disability rating is 60% or higher |
| 12. North Carolina | \$45,000 |
| 13. North Dakota | \$120,000 if disability rating is 50% or higher |
| 14. New York | varies |
| 15. Ohio | \$50,000 |
| 16. Pennsylvania | varies |
| 17. Rhode Island | varies |

18. South Carolina	varies
19. South Dakota	\$100,000
20. Tennessee	\$100,000
21. Utah	\$244,064
22. Vermont	\$10,000 if disability rating is 50% or higher, varies by municipality
23. West Virginia	\$20,000 if over 65
24. Wisconsin	varies

Six more states have a higher-value exemption than CT that is income-dependent:

Alabama, Idaho, Kansas, Montana, Oregon and Washington

Only seven states have a LOWER property tax exemption for 100% service-connected disabled veterans than CT (Wyoming is the same as CT):

Arizona, Delaware, Iowa, Massachusetts, Mississippi, Nebraska and Wyoming

Veterans' Property Tax Exemptions by State - Minimum Disability Requirement

Source:

<https://www.veteransunited.com/futurehomeowners/veteran-property-tax-exemptions-by-state/>

Alabama A disabled veteran in Alabama may receive a full property tax exemption on his/her primary residence if the veteran is 100 percent disabled as a result of service and has a net annual income of \$12,000 or less.

Alaska A disabled veteran in Alaska may receive a property tax exemption of up to the first \$150,000 of the assessed value of his/her primary residence if the veteran is 50 percent or more disabled as a result of service.

Arizona A disabled veteran in Arizona may receive a property tax exemption of \$3,000 on his/her primary residence if the total assessed value does not exceed \$10,000.

Arkansas A disabled veteran in Arkansas may receive a full property tax exemption on his/her primary residence if the veteran is blind in one or both eyes, lost the use of one or more limbs or is 100 percent disabled as a result of service.

California A disabled veteran in California may receive a full property tax exemption on his/her primary residence if the full value does not exceed \$150,000, household income does not exceed \$40,000 and the veteran is blind in both eyes, lost the use of two or more limbs or is 100 percent disabled as a result of service.

- Colorado A disabled veteran in Colorado may receive a property tax exemption of 50 percent of the first \$200,000 of the actual value of his/her primary residence if the veteran is 100 percent disabled.
- Connecticut A disabled veteran in Connecticut may receive a property tax exemption on his/her primary residence of \$1,500 if 10-25 percent disabled and \$3,000 if 75-100 percent disabled. In addition, a veteran that is blind in both eyes or lost the use of two or more limbs as a result of service is eligible for a \$10,000 exemption. Veterans that lost the use of one limb receive a \$5,000 exemption.
- Delaware There are currently no state-mandated property tax exemptions for disabled veterans in Delaware.
- Florida A disabled veteran in Florida may receive a property tax exemption of \$5,000 on any property he/she owns if 10 percent or more disabled and a full exemption if 100 percent disabled as a result of service.
- Georgia A disabled veteran in Georgia may receive a property tax exemption of up to \$60,000 or more on his/her primary residence, depending on a fluctuating index rate set by the U.S. Secretary of Veterans Affairs.
- Hawaii A disabled veteran in Hawaii may receive a full property tax exemption on his/her primary residence if the veteran is 100 percent disabled as a result of service.
- Idaho A disabled veteran in Idaho may receive a property tax exemption on his/her primary residence if the veteran is 10 percent or more disabled as a result of service. The exemption amount is determined based on income.
- Illinois A qualified disabled veteran in Illinois with a disability of at least 50% but less than 70% will receive a \$2,500 reduction in EAV, and a disabled veteran with a disability of at least 70% will receive a \$5,000 reduction in EAV under the Disabled Veterans' Standard Homestead Exemption. In certain cases approved by the Illinois Department of Veterans Affairs, veterans may receive a property tax exemption of up to \$75,000 of the assessed value of his/her primary residence.
- New law:** SB 107 passed both chambers unanimously in Illinois last year; 100% service-connected disabled vets now receive 100% property tax exemption on primary residence.
<http://www.bnd.com/news/local/article31305305.html>
- Indiana A disabled veteran in Indiana may receive a property tax exemption of up to \$37,440 on his/her primary residence if the veteran is 100 percent disabled or is 62 years old or older with at least a 10 percent disability as a result of service.
- Iowa A veteran in Iowa may receive a property tax exemption of \$1,850 on his/her primary residence if the veteran served on active duty during a period of war or for a minimum of 18 months during peacetime.

- Kansas A disabled veteran in Kansas may receive a property tax exemption on his/her primary residence if the veteran is 50 percent or more disabled as a result of service. The exemption amount is determined based on income.
- Kentucky A disabled veteran in Kentucky may receive a property tax exemption of up to \$36,000 on his/her primary residence if the veteran is 100 percent disabled as a result of service.
- Louisiana A disabled veteran in Louisiana may receive a property tax exemption of up to the first \$150,000 of the assessed value of his/her primary residence if the veteran is 100 percent disabled as a result of service.
- Maine A disabled veteran in Maine may receive a property tax exemption of up to \$6,000 on his/her primary residence if the veteran is 62 years or older or is 100 percent disabled.
- Maryland A disabled veteran in Maryland may receive a property tax exemption on his/her primary residence if the veteran is 100 percent disabled as a result of service. The exemption amount is determined by the Maryland Department of Veterans Affairs.
- Massachusetts A disabled veteran in Massachusetts may receive a property tax exemption on his/her primary residence of \$400 if 10 percent disabled, \$750 the veteran lost the use of one hand, one foot or one eye, \$1,250 if the veteran lost the use of both hands, both feet or a combination of the two, or if the veteran is blind in both eyes as a result of service. A veteran may receive a \$1,000 exemption if 100 percent disabled as a result of service.
- Michigan A disabled veteran in Michigan may receive a full property tax exemption on his/her primary residence if the veteran is 100 percent disabled as a result of service.
- Minnesota A disabled veteran in Minnesota may receive a property tax exemption of up to \$300,000 on his/her primary residence if the veteran is 100 percent disabled as result of service. Veterans with a disability rating of 70 percent or more may receive an exemption of up to \$150,000.
- Mississippi A disabled veteran in Mississippi may receive a property tax exemption on his/her primary residence if the assessed value is \$7,500 or less and the veteran is 100 percent disabled as a result of service.
- Missouri A disabled veteran in Missouri may receive a property tax exemption on his/her primary residence if the veteran is 100 percent disabled as a result of service.
- Montana A disabled veteran in Montana may receive a property tax exemption on his/her primary residence if the veteran is 100 percent disabled as a result of service. The exemption amount varies based on income and marital status, as determined by the Montana Department of Revenue.
- Nebraska A disabled veteran in Nebraska may receive a property tax exemption on his/her primary residence if the veteran has lost the use of two or more limbs or has suffered severe eyesight loss as a result of service. Exemptions are approved by the respective country's assessor on a case-by-case basis.

- Nevada A disabled veteran in Nevada may receive a property tax exemption of up to \$20,000 of the assessed value of his/her primary residence if the veteran is 60 percent or more disabled as a result of service.
- New Hampshire A disabled veteran in New Hampshire may receive a full property tax exemption on his/her primary residence if the veteran is 100 percent disabled, has lost two or more limbs or is blind in both eyes as a result of service.
- New Jersey A disabled veteran in New Jersey may receive a full property tax exemption on his/her primary residence if the veteran is 100 percent disabled as a result of service.
- New Mexico A disabled veteran in New Mexico may receive a full property tax exemption on his/her primary residence if the veteran is 100 percent disabled as a result of service.
- New York A disabled veteran in New York may receive a property tax exemption on his/her primary residence. The exemption amount varies based on type of service and disability, as determined by the New York State Division of Veterans Affairs.
- North Carolina A disabled veteran in North Carolina may receive a property tax exemption of up to the first \$45,000 of the appraised value of his/her primary residence if the veteran is 100 percent disabled as a result of service.
- North Dakota A disabled veteran in North Dakota may receive a property tax exemption of up to the first \$120,000 on his/her primary residence if the veteran is 50 percent or more disabled as a result of service.
- Ohio A disabled veteran in Ohio may receive a property tax exemption of \$50,000 on his/her primary residence if the veteran is 100 percent disabled as a result of service.
- Oklahoma A disabled veteran in Oklahoma may receive a full property tax exemption on his/her primary residence if the veteran is 100 percent disabled as a result of service.
- Oregon A disabled veteran in Oregon may receive a property tax exemption on his/her primary residence if the veteran is 40 percent or more disabled as a result of service. The exemption amount varies annually according to income.
- Pennsylvania A disabled veteran in Pennsylvania may receive a property tax exemption on his/her primary residence if the veteran is 100 percent disabled as a result of service. The exemption amount varies.
- Rhode Island A disabled veteran in Rhode Island may receive a property tax exemption on his/her primary residence. The exemption amount varies based on city and the value of the property.
- South Carolina A disabled veteran in South Carolina may receive a property tax exemption if the veteran is 100 percent disabled as a result of service. Contact county tax offices for more information.

- South Dakota A disabled veteran in South Dakota may receive a property tax exemption of up to \$100,000 of his/her primary residence if the veteran is 100 percent disabled as a result of service.
- Tennessee A disabled veteran in Tennessee may receive a property tax exemption of up to the first \$100,000 of his/her primary residence if the veteran is 100 percent disabled, has lost the use of two or more limbs or is blind in both eyes as a result of service.
- Texas A disabled veteran in Texas may receive a property tax exemption of up to \$12,000 on his/her primary residence, depending on the severity of the disability incurred as a result of service. A full property tax exemption is available for veterans who are 100 percent disabled as a result of service.
- Utah A disabled veteran in Utah may receive a property tax exemption on his/her primary residence if the veteran is 10 percent or more disabled as a result of service. A veteran that is 100 percent disabled may receive an exemption of \$244,064. A veteran that is 50 percent disabled may receive an exemption of \$122,032, while a veteran that is 10 percent disabled may receive an exemption of \$24,406.
- Vermont A disabled veteran in Vermont may receive a property tax exemption of at least \$10,000 on his/her primary residence if the veteran is 50 percent or more disabled as a result of service. The exemption amount varies by city.
- Virginia A disabled veteran in Virginia may receive a full property tax exemption on his/her primary residence if the veteran is 100 percent disabled as a result of service.
- Washington A disabled veteran in Washington may receive a property tax exemption on his/her primary residence if the veteran is 100 percent disabled as a result of service. The exemption amount is based on income, as determined by the Washington State Department of Veterans Affairs.
- West Virginia A 100 percent disabled veteran or any veteran over the age of 65 is exempted from paying the taxes on the first \$20,000 of assessed value on a self-occupied property.
- Wisconsin A disabled veteran in Wisconsin may receive a property tax exemption on his/her primary residence if the veteran is 100 percent disabled as a result of service. The exemption amount varies.
- Wyoming A disabled veteran in Wyoming may receive a property tax exemption of \$3,000 of the assessed value of his/her primary residence if the veteran was disabled as a result of service.

