



House of Representatives

General Assembly

File No. 147

February Session, 2018

Substitute House Bill No. 5231

House of Representatives, April 3, 2018

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 FOR A FREEZE ON PROPERTY TAXES FOR QUALIFIED DISABLED VETERANS.

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

1 Section 1. (NEW) (*Effective October 1, 2018, and applicable to assessment*
2 *years commencing on or after October 1, 2018*) (a) Any municipality, upon
3 approval of its legislative body, may provide that an owner of real
4 property or any tenant for life or for a term of years liable for property
5 taxes under section 12-48 of the general statutes, who meets the
6 qualifications stated in this subsection shall be entitled to pay the tax
7 levied on such property, calculated in accordance with the provisions
8 of subsection (b) of this section for the first year the claim for such tax
9 relief is filed and approved in accordance with the provisions of
10 section 12-170w of the general statutes, as amended by this act, and
11 such person shall be entitled to continue to pay the amount of such tax
12 or such lesser amount as may be levied in any year, during each
13 subsequent year that such person meets such qualifications, and the
14 surviving spouse of such owner or tenant, qualified in accordance with

15 the requirements pertaining to a surviving spouse in this subsection, or
16 any owner or tenant possessing a joint interest in such property with
17 such owner at the time of such owner's death and qualified at such
18 time in accordance with the requirements in this subsection, shall be
19 entitled to continue to pay the amount of such tax or such lesser
20 amount as may be levied in any year, as it becomes due each year
21 following the death of such owner for as long as such surviving spouse
22 or joint owner or joint tenant is qualified in accordance with the
23 requirements in this subsection. After the first year a claim for such tax
24 relief is filed and approved, application for such tax relief shall be filed
25 biennially on a form prepared for such purpose by the assessor of such
26 municipality. Any such owner or tenant who is qualified in accordance
27 with this section and any such surviving spouse or joint owner or joint
28 tenant surviving upon the death of such owner or tenant, shall be
29 entitled to pay such tax in the amount as provided in this section for so
30 long as such owner or tenant or such surviving spouse or joint owner
31 or joint tenant continues to be so qualified. To qualify for the tax relief
32 provided in this section, a taxpayer shall meet all the following
33 requirements: (1) On December thirty-first of the calendar year
34 preceding the year in which a claim is filed, be (A) a veteran, as
35 defined in subsection (a) of section 27-103 of the general statutes, who
36 has a service-connected disability rated by the United States
37 Department of Veterans Affairs, (B) the spouse of a veteran described
38 in subparagraph (A) of this subdivision, provided such spouse is
39 domiciled with such veteran, or (C) the surviving spouse of a veteran
40 described in subparagraph (A) of this subdivision who at the time of
41 such veteran's death had qualified and was entitled to tax relief under
42 this section, provided such surviving spouse was domiciled with such
43 veteran at the time of the veteran's death, (2) occupy such real property
44 as his or her home, (3) either spouse shall have resided within this state
45 for at least one year before filing the claim under this section and
46 section 12-170w of the general statutes, as amended by this act, and (4)
47 the taxable and nontaxable income of such veteran, spouse or
48 surviving spouse, the total of which shall hereinafter be called
49 "qualifying income", in the tax year of such veteran, spouse or

50 surviving spouse ending immediately preceding the date of
51 application for benefits under the program in this section, was not in
52 excess of limits set forth in section 12-170aa of the general statutes, as
53 adjusted annually, evidence of which income shall be submitted to the
54 assessor in the municipality in which application for benefits under
55 this section is filed in such form and manner as the assessor may
56 prescribe. The amount of any Medicaid payments made on behalf of
57 such veteran, spouse or surviving spouse shall not constitute income.
58 The income of the spouse of such veteran shall not be included in the
59 qualifying income of such veteran for purposes of determining
60 eligibility for tax relief under this section, if such spouse is a resident of
61 a health care or nursing home facility in this state and such facility
62 receives payment related to such spouse under the Title XIX Medicaid
63 program. In addition to the eligibility requirements prescribed in this
64 subsection, any municipality that provides tax relief in accordance
65 with the provisions of this section may impose asset limits as a
66 condition of eligibility for such tax relief.

67 (b) The tax on the real property for which the benefits under this
68 section are claimed shall be the lower of: The tax due with respect to
69 the residence of the veteran, spouse or surviving spouse for the
70 assessment year commencing October first of the year immediately
71 preceding the year in which the initial claim for tax relief is made, or
72 the tax due for any subsequent assessment year. If title to real property
73 is recorded in the name of the veteran, spouse or surviving spouse
74 making a claim and qualifying under this section and any other person
75 or persons, the claimant hereunder shall be entitled to pay the
76 claimant's fractional share of the tax on such property calculated in
77 accordance with the provisions of this section, and such other person
78 or persons shall pay the person's or persons' fractional share of the tax
79 without regard for the provisions of this section. For the purposes of
80 this section, a "mobile manufactured home", as defined in section
81 12-63a of the general statutes shall be deemed to be real property.

82 (c) If any veteran, spouse or surviving spouse with respect to whom
83 a claim for tax relief in accordance with this section and section 12-

84 170w of the general statutes, as amended by this act, has been
85 approved for any assessment year transfers, assigns, grants or
86 otherwise conveys subsequent to the first day of October, but prior to
87 the first day of August in such assessment year the interest in real
88 property to which such claim for tax relief is related, regardless of
89 whether such transfer, assignment, grant or conveyance is voluntary or
90 involuntary, the amount of such tax relief benefit, determined as the
91 amount by which the tax payable without benefit of this section
92 exceeds the tax payable under the provisions of this section, shall be a
93 pro rata portion of the amount otherwise applicable in such
94 assessment year to be determined by a fraction the numerator of which
95 shall be the number of full months from the first day of October in
96 such assessment year to the date of such conveyance and the
97 denominator of which shall be twelve. If such conveyance occurs in the
98 month of October, the grantor shall be disqualified for such tax relief in
99 such assessment year. The grantee shall be required within a period
100 not exceeding ten days immediately following the date of such
101 conveyance to notify the assessor thereof. In the absence of such notice,
102 upon determination by the assessor that such transfer, assignment,
103 grant or conveyance has occurred, the assessor shall determine the
104 amount of tax relief benefit to which the grantor is entitled for such
105 assessment year with respect to the interest in real property conveyed
106 and notify the tax collector of the reduced amount of such benefit.
107 Upon receipt of such notice from the assessor, the tax collector shall, if
108 such notice is received after the tax due date in the municipality, not
109 later than ten days thereafter mail or hand a bill to the grantee stating
110 the additional amount of tax due as determined by the assessor. Such
111 tax shall be due and payable and collectible as other property taxes
112 and subject to the same liens and processes of collection, provided
113 such tax shall be due and payable in an initial or single installment not
114 sooner than thirty days after the date such bill is mailed or handed to
115 the grantee and in equal amounts in any remaining, regular
116 installments as the same are due and payable.

117 Sec. 2. Section 12-170w of the general statutes is repealed and the
118 following is substituted in lieu thereof (*Effective October 1, 2018, and*

119 *applicable to assessment years commencing on or after October 1, 2018):*

120 (a) No claim shall be accepted under section 1 of this act or section
121 12-170v unless the taxpayer or authorized agent of such taxpayer files
122 an application with the assessor of the municipality in which the
123 property is located, in such form and manner as the assessor may
124 prescribe, during the period from February first to and including May
125 fifteenth of any year in which benefits are first claimed, including such
126 information as is necessary to substantiate such claim in accordance
127 with requirements in such application. A taxpayer may make
128 application to the assessor prior to August fifteenth of the claim year
129 for an extension of the application period. The assessor may grant such
130 extension in the case of extenuating circumstance due to illness or
131 incapacitation as evidenced by a certificate signed by a physician or an
132 advanced practice registered nurse to that extent, or if the assessor
133 determines there is good cause for doing so. The taxpayer shall present
134 to the assessor a copy of such taxpayer's federal income tax return and
135 the federal income tax return of such taxpayer's spouse, if filed
136 separately, for such taxpayer's taxable year ending immediately prior
137 to the submission of the taxpayer's application, or if not required to file
138 a federal income tax return, such other evidence of qualifying income
139 in respect to such taxable year as the assessor may require. Each such
140 application, together with the federal income tax return and any other
141 information submitted in relation thereto, shall be examined by the
142 assessor and a determination shall be made as to whether the
143 application is approved. Upon determination by the assessor that the
144 applying homeowner is entitled to tax relief in accordance with the
145 provisions of section 1 of this act or section 12-170v, and this section,
146 the assessor shall notify the homeowner and the municipal tax
147 collector of the approval of such application. The municipal tax
148 collector shall determine the maximum amount of the tax due with
149 respect to such homeowner's residence and thereafter the property tax
150 with respect to such homeowner's residence shall not exceed such
151 amount. After a taxpayer's claim for the first year has been filed and
152 approved such taxpayer shall file such an application biennially. In
153 respect to such application required after the filing and approval for

154 the first year the assessor in each municipality shall notify each such
155 taxpayer concerning application requirements by regular mail not later
156 than February first of the assessment year in which such taxpayer is
157 required to reapply, enclosing a copy of the required application form.
158 Such taxpayer may submit such application to the assessor by mail,
159 provided it is received by the assessor not later than April fifteenth in
160 the assessment year with respect to which such tax relief is claimed.
161 Not later than April thirtieth of such year the assessor shall notify, by
162 mail evidenced by a certificate of mailing, any such taxpayer for whom
163 such application was not received by said April fifteenth concerning
164 application requirements and such taxpayer shall submit not later than
165 May fifteenth such application personally or for reasonable cause, by a
166 person acting on behalf of such taxpayer as approved by the assessor.

167 (b) Any person knowingly making a false application for the
168 purpose of claiming property tax relief under section 1 of this act or
169 section 12-170v₂ and this section₂ shall be fined not more than five
170 hundred dollars. Any person who fails to disclose all matters relating
171 thereto or with intent to defraud makes a false statement shall refund
172 to the municipality all tax relief improperly taken.

173 (c) Any municipality providing property tax relief under section 1 of
174 this act or section 12-170v₂ and this section₂ may establish a lien on
175 such property in the amount of the total tax relief granted, plus interest
176 applicable to the total of unpaid taxes represented by such tax relief, at
177 a rate to be determined by such municipality. Any such lien shall have
178 a priority in the settlement of such person's estate.

179 (d) Any such property tax relief granted to any such resident in
180 accordance with the provisions of section 1 of this act or section 12-
181 170v₂ and this section₂ shall not disqualify such resident with respect to
182 any benefits for which such resident shall be eligible under the
183 provisions of sections 12-129b to 12-129d, inclusive, 12-129n and
184 12-170aa and any such property tax relief provided under this section
185 shall be in addition to any such benefits for which such resident shall
186 be eligible under sections 12-129b to 12-129d, inclusive, 12-129n and

187 12-170aa.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2018, and applicable to assessment years commencing on or after October 1, 2018</i>	New section
Sec. 2	<i>October 1, 2018, and applicable to assessment years commencing on or after October 1, 2018</i>	12-170w

Statement of Legislative Commissioners:

Throughout Section 1, "taxpayer", "homeowner" and "person" were changed to "veteran" or "veteran, spouse or surviving spouse" where applicable, for clarity and consistency; and throughout Section 2, "section 12-170v, or section 1 of this act, and this section" was changed to "section 1 of this act or section 12-170v, and this section," for clarity.

VA *Joint Favorable Subst. -LCO*

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: None

Municipal Impact: See Below

Explanation

The bill, which allows municipalities to freeze property taxes for certain disabled veterans, precludes any revenue gain that would otherwise result from an increase in the value of property owned by program participants. This will result in a shift in tax burden to people that do not qualify for the benefit. The amount of qualified property tax revenue captured under this bill would depend on how many disabled veterans live in a municipality, their homeownership rate, the mill rate, and the change in assessed value of their related real property year over year.

For context, there are approximately 25,000 service-disabled veterans living in Connecticut. Using veteran homeownership rates, it is estimated that approximately 19,000 individuals would qualify for this benefit. The distribution of this population geographically, which would be predictive of how each municipality is affected, is unknown at this time.

The Out Years

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

Sources: CT Department of Veteran Affairs

OLR Bill Analysis**sHB 5231*****AN ACT PROVIDING FOR A FREEZE ON PROPERTY TAXES FOR QUALIFIED DISABLED VETERANS.*****SUMMARY**

This bill allows a municipality, with its legislative body's approval, to freeze property taxes on homes owned by certain disabled veterans and their spouse or surviving spouse. To be eligible, among other things, the veteran must have a service-connected disability and either the veteran or spouse must have lived in Connecticut for at least one year. This property tax freeze is substantially similar to the existing local option property tax freeze for certain elderly homeowners.

Under the bill, the freeze continues for a surviving spouse when the veteran dies. Veterans must meet the same income limits that apply to the existing state-reimbursed "circuit breaker" Elderly/Disabled Tax Relief Program, which gives qualified homeowners a tax credit against the property taxes on their homes. Those annual income limits for 2018 are \$35,300 for unmarried individuals and \$43,000 for married couples and the Office of Policy and Management adjusts them for inflation annually. Under the bill, people whose taxes are frozen can still qualify for certain other property tax relief programs for the elderly.

The bill also allows the municipality to impose asset limits for eligibility and to put a lien on the property for the total tax relief granted, plus interest at a rate the municipality determines. It gives this lien priority in the settlement of the person's estate.

The bill also establishes application procedures and deadlines and imposes penalties for false statements. It does not provide state reimbursement for lost revenue to a municipality that chooses to offer this tax freeze.

EFFECTIVE DATE: October 1, 2018, and applicable to assessment years beginning on or after that date.

TAX FREEZE FOR CERTAIN DISABLED VETERANS

The bill allows any municipality, upon its legislative body's approval, to freeze a qualified disabled veteran's or his or her spouse's real estate taxes at the level of the tax due for the assessment year beginning October 1 of the year immediately preceding the date the veteran applies. For subsequent years, if the municipality lowers taxes, those lower taxes apply to the taxpayer. The freeze can also apply to a tenant for life (or for a term of years) who is liable for property taxes. It can continue for the veteran's surviving spouse.

After the first year the claim is filed and approved, the taxpayer must reapply every two years on a form prepared by the municipal assessor.

Eligibility

To qualify for the tax freeze, a taxpayer must:

1. as of the prior December 31, be (a) a veteran honorably discharged from (or released under honorable conditions from active service in) the U.S. Armed Forces who has a service-connected disability rated by the U.S. Department of Veterans Affairs, (b) the veteran's spouse, or (c) the surviving spouse of a veteran who was entitled to the tax freeze when he or she died, provided they were living together when the veteran died;
2. occupy the property, including a mobile manufactured home, as his or her home;
3. have lived in Connecticut for at least one year before filing the claim (this applies to either spouse);
4. have qualifying income (both taxable and nontaxable) in the immediately preceding tax year at or below the limits for the "circuit breaker" Elderly/Disabled Tax Relief Program; and

5. submit evidence of his or her income to the assessor in the municipality where he or she is applying in whatever form and manner the assessor requires.

The bill exempts Medicaid payments made on the taxpayer's or his or her spouse's behalf from counting as income for eligibility purposes. It also exempts the spouse's income if he or she resides in a Connecticut health care or nursing home facility that receives Medicaid payments for the spouse.

The bill specifies that obtaining benefits from this tax freeze does not disqualify people from certain other tax relief programs. These include a real property tax relief program for certain persons over age 65, optional local property tax relief for certain homeowners over age 65, and the "circuit breaker" Elderly/Disabled Tax Relief Program.

Level of Tax Relief

The bill requires that the tax on the qualifying property be the lower of the tax due for (1) the assessment year beginning October 1 immediately preceding the year of the initial application or (2) any subsequent assessment year. If the property's title is in the name of the qualifying veteran or spouse and anyone else, the qualified taxpayer is entitled to pay his or her fractional share based on the bill's freeze formula, and the other owner must pay his or her fractional share without regard to the freeze.

Effect of Property Transfers on Benefit

If a taxpayer benefiting from a tax freeze voluntarily or involuntarily transfers, assigns, or conveys his or her interest in the property to someone else between November 1 and August 1, the tax relief benefit for that year must be prorated. If the transfer happens in October, the taxpayer is disqualified from tax relief for that assessment year.

The bill gives the person to whom the property is transferred 10 days after the conveyance to notify the assessor. If the assessor receives no notice or learns of the conveyance on his or her own, he or she can

calculate the amount of tax relief to which the original taxpayer is entitled, and notify the tax collector of the reduced benefit amount. When the tax collector receives the assessor's notice after the municipality's tax due date, he or she has 10 days to mail or hand a bill to the transferee containing the additional amount of tax due. This additional tax is due, payable, and collectible subject to the same liens and processes as other property taxes, but it must be paid in an initial or single installment at least 30 days after the tax collector mails or hands the bill to the new owner and in equal amounts for any remaining, regular installments.

Deadlines and Extensions

Applicants must file their claims with the assessor in the municipality where the property is located, in whatever form and manner the assessor requires. The claim must be filed between February 1 and May 15 of the year that the claim is for and must include required substantiating information. The bill allows taxpayers to apply for an extension before August 15. The assessor can grant an extension if (1) there are extenuating circumstances due to illness or incapacitation as shown in a physician or advanced practice registered nurse's certificate or (2) he or she decides there is good cause for the extension.

The taxpayer must give the assessor a copy of his or her federal income tax return and a copy of his or her spouse's, if filed separately, for the tax year immediately preceding the application's submission. If the taxpayer does not have to file a federal tax return, he or she must provide whatever proof of income the assessor requires. The assessor must (1) decide whether to approve the application and examine each application and the other information submitted, (2) notify the taxpayer of an approval, and (3) determine the maximum amount of tax due on the home.

After the first year the claim is filed and approved, the taxpayer must reapply every two years and include supporting information. The assessor must notify each taxpayer of the reapplication

requirement by February 1 of the year in which it is required and enclose an application form. The taxpayer can submit the application by mail as long as the assessor receives it by April 15 in the assessment year the tax exemption is claimed. By April 30, the assessor must notify, by mail with a certificate of mailing, any taxpayer from whom he or she did not receive a new application by April 15. Then, the taxpayer has until May 15 to submit the application in person or, for reasonable cause, through another person acting on his or her behalf.

False Statement Penalties

Anyone who knowingly makes a false application to claim tax relief is subject to a fine of up to \$500. Anyone who fails to disclose all relevant matters or makes a false statement with the intent to defraud must refund all improper tax relief to the municipality.

COMMITTEE ACTION

Veterans' Affairs Committee

Joint Favorable

Yea 14 Nay 0 (03/14/2018)