

Veterans' Property Tax Benefits in the New England States and New York

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Issue

Provide a description of veterans' property tax benefits in the New England states and New York. This report updates OLR Report [2010-R-0342](#).

Summary

All six states (Maine, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont) provide property tax benefits (i.e., credit or exemptions) to eligible veterans. (An exemption is a reduction in the appraised or assessed value of property before taxes are assessed. A credit is a reduction in the tax bill.) All of the states require that the veteran be a state resident to qualify for the benefit. Otherwise, there are variations in the programs, including who qualifies for the benefit, nature of the qualifying service, factors determining the benefit level, and type of property to which the benefit applies (e.g., real or personal).

Maine provides exemptions primarily to (1) war service veterans who are at least age 62 or receiving some type of U.S. government payment for total disability (service or non-service) and (2) peacetime veterans receiving a U.S. government payment for total service-connected disability. Such veterans are eligible for a \$6,000 exemption, which may be applied to real or personal property. The veteran must live in the state and occupy the property on which the claim is based.

Only veterans with disabilities qualify for veterans' property tax exemptions in Massachusetts. Exemptions range from \$400 for a 10% qualifying disability to complete exemption for a totally disabled veteran who used federal funds to purchase specially adapted housing. Claimants must have lived in Massachusetts for at least six months before entering the armed forces or for five consecutive years before claiming an exemption. The exemption can be applied only to the veteran's primary residence.

New Hampshire requires towns to give veterans (or their qualified spouse or surviving spouse, where applicable) a standard property tax credit based on their service condition or disability. But municipalities may set higher credit limits, as designated in law. The credit is applied to the veteran's residential property or, in the case of the surviving spouse of a veteran who suffered a service-connected death, to any real property the spouse owns in the same municipality where he or she resides. The law also requires towns to exempt a veteran's specially adapted house from property tax if it was bought with assistance from the U.S. Department of Veterans Affairs (VA).

New York provides three different exemptions: (1) a mandatory "eligible funds exemption" for veterans (or other designated persons) who buy property using money from a pension, bonus, insurance payments, or other qualifying funds; (2) an optional "Cold War exemption" for veterans of the Cold War; and (3) an optional "alternative exemption" for veterans who served during wartime or received an expeditionary medal. The alternative and Cold War exemptions can be applied only to residential properties. The eligible funds exemption can be applied to any type of real property.

Rhode Island provides a general \$1,000 wartime veterans exemption, a \$10,000 exemption for veterans with a service-connected disability, and a \$15,000 exemption for veterans determined to have been prisoners of war. But the law specifically mandates a different amount for certain towns and cities while allowing others to exempt a higher amount, which is capped. The exemption can be applied to real and personal property.

Under Vermont law, veterans are eligible for a property tax exemption if they served during wartime or received an expeditionary medal and (1) have at least a 50% disability rating or (2) are getting some kind of federal pension or indemnity compensation from the VA or Military Department. The veteran's spouse, surviving spouse who does not remarry, or dependent child are also eligible. The exemption is up to \$10,000, or up to \$40,000 if a town votes to provide a higher exemption. It can be applied to real or personal property. The claimant must own and occupy the home that is the subject of the exemption.

Maine

Under Maine law ([Me. Rev. Stat. Ann. tit. 36, § 653](#)), a veteran who served in war or was awarded an expeditionary medal is eligible for a \$6,000 property tax exemption if he or she is at least age 62 and receiving any U.S. government pension or compensation for a disability. Additionally, peacetime veterans receiving a U.S. government payment for total service-connected disability are also eligible for the exemption. A veteran's parents, minor child, and surviving spouse who does not remarry also qualify for the exemption.

The exemption can be applied to real or personal property, including property held jointly with a spouse or in a revocable living trust for the veteran's benefit.

The law contains a separate exemption for paraplegic veterans who served during wartime or received an expeditionary medal. They are eligible for an exemption of up to \$50,000 for specially adapted housing bought with a federal grant. Surviving spouses who do not remarry also qualify for this exemption.

Qualifying Service

To qualify for an exemption, the veteran must have:

1. served during a federally recognized war period;
2. served during August 24, 1982 to July 31, 1984 or December 20, 1989 to January 31, 1990;
3. been awarded an armed forces expeditionary medal;
4. served as a member of the American Merchant Marine between December 7, 1941 and August 15, 1945; or
5. become totally disabled during active service in the line of duty.

The law defines “federally recognized war periods” as:

1. World War I (April 6, 1917 to November 11, 1918 (to March 31, 1920 for service in Russia));
2. World War II (December 7, 1941 to December 31, 1946);
3. Korean Campaign (June 27, 1950 to January 31, 1955);

4. Vietnam War (February 28, 1961 to May 7, 1975 unless the veteran died in service or was discharged for a service-connected disability after that date); and
5. Persian Gulf War (August 2, 1990 to an end date set by the U.S. government).

More information on the program is available from the Maine Revenue Services website at [Property Tax Exemption](#).

Massachusetts

The law gives veterans (and, in most cases, surviving spouses who do not remarry) several types of property tax exemptions, ranging from \$400 to total exemptions, based on the veteran's disability rating. The veteran must generally have lived in the state for at least six months before entering the service or for at least five consecutive years immediately before filing a claim for an exemption. And he or she must be a state resident occupying the property on which the claim is based on July 1 in the year he or she submits a claim. With limited exceptions, veterans may only receive one property tax exemption.

Basic Exemption

The following people are eligible for a \$400 exemption:

1. veterans with a 10% war service-connected disability;
2. Purple Heart recipients; and
3. unmarried surviving spouses of veterans ([Mass. Gen. Laws. Ch. 59, § 5, clause 22](#)).

Exemptions for People with Service-Connected Injuries

Veterans are eligible for an exemption if they (1) were awarded a Medal of Honor or certain other medals or (2) have suffered a serious service-connected disability such as loss of their hands or feet or loss of sight in one or both eyes. The exemption is \$750 or \$1,250 depending on the severity of the injury. Surviving spouses qualify for the exemption even if they remarry ([Mass. Gen. Laws. Ch. 59, § 5, clause 22A & 22B](#)).

Permanent and Totally Disabled Veterans with Special Housing

The law gives a \$1,500 property tax exemption to veterans permanently and totally disabled as a result of a service-related injury and who received VA assistance to acquire specially adapted housing. The veteran's surviving spouse also qualifies for this exemption, regardless of whether he or she remarries ([Mass. Gen. Laws. Ch. 59, § 5, clause 22C](#)).

Surviving Spouses

Surviving spouses of veterans and National Guard members who died as a result of a combat zone injury or disease or went missing in action and are presumed dead are eligible for full property tax exemptions, provided they do not remarry ([Mass. Gen. Laws. Ch. 59, § 5, clause 22D](#)).

Veterans Incapable of Working

The law provides a \$1,000 exemption to veterans who have a 100% service-connected VA disability rating for their home. Surviving spouses who own the home and continue to live there also qualify for this exemption ([Mass. Gen. Laws. Ch. 59, § 5, clause 22E](#)).

Paraplegic Veterans

The law provides a total property tax exemption to paraplegic veterans or those with a 100% disability for service-connected blindness and their surviving spouses regardless of whether they remarry ([Mass. Gen. Laws. Ch. 59, § 5, clause 22F](#)).

More information on the program is available from Massachusetts' Department of Revenue's Taxpayer's [Guide](#) to Local Property Tax Exemptions.

New Hampshire

War Service and Service-Connected Death and Disability

The law provides a standard \$50 credit to eligible veterans (or surviving spouses, where applicable). But cities and towns may instead vote to offer a higher credit of up to \$500 ([N.H. Rev. Stat. Ann. § 72:28](#)). The credit for a veteran applies to the veteran's residential property; the credit for the surviving spouse of a veteran who suffered a service-connected death applies to any real property the surviving spouse owns in the municipality where he or she lives.

To be eligible for this credit, the veteran must be a state resident who served at least 90 days during wartime or was honorably discharged or terminated from the armed forces because of a service-connected disability. The spouse or surviving spouse of an eligible war veteran and the surviving spouse of a veteran terminated for a service-connected disability or death are also eligible.

Surviving Spouse of Veteran Killed While on Active Duty

The law provides a standard \$700 tax credit to the surviving spouse of any veteran killed while on active military duty or in a combat zone. Alternatively, cities and towns may vote to give a higher credit of up to \$2,000. The credit may be applied to real (residential or nonresidential) or personal property ([N.H. Rev. Stat. Ann. § 72:29-a](#)).

Service-Connected Total Disability and Specially Adapted Housing

A veteran who is totally and permanently disabled because of a service-connected injury qualifies for a \$700 tax credit on his or her principal residence. Alternatively, cities and towns may vote to provide a higher tax credit of up to \$2,000 ([N.H. Rev. Stat. Ann. § 72:35](#)).

The law also totally exempts from taxation any specially adapted housing purchased with VA assistance by a veteran who is totally disabled as a result of a service-connected injury ([N.H. Rev. Stat. Ann. § 72:36-a](#)).

Surviving spouses qualify for both benefits.

Qualifying Service

Qualifying service for purpose of the exemptions is:

1. World War II (December 7, 1941 to December 31, 1946);
2. Korean Conflict (June 25, 1950 to January 31, 1955);
3. Vietnam Conflict (December 22, 1961 to May 7, 1975);
4. Vietnam Conflict (July 1, 1958 to December 22, 1961), if the resident earned the Vietnam service medal or the armed forces expeditionary medal;
5. Persian Gulf War (August 2, 1990 and an end date set by presidential proclamation or by law); and

6. any other war or armed conflict that has occurred since May 8, 1975 in which the veteran earned an armed forces expeditionary or theater of operations service medal ([N.H. Rev. Stat. Ann. § 72:28](#)).

For more information, see New Hampshire's Veterans Services [website](#).

New York

[New York](#) law provides three categories of property tax exemptions for qualified veterans: the optional “alternative” and “Cold War” exemptions and the mandatory “eligible funds” exemption. Veterans may only receive one of these three exemptions. Exemptions apply only to county, city, town, and village taxes, not special district taxes.

The law generally sets maximum amounts for these exemptions but allows local entities to reduce or increase them based on various limits specified in the statutes.

Alternative and Eligible Funds Exemption

New York law allows towns to exempt from taxation 15% of the assessed value of property owned by veterans who served during wartime or received an expeditionary medal ([N.Y. Real Property Tax Law § 458a](#)). The law also provides an additional (1) 10% exemption to combat zone veterans and (2) exemption to disabled veterans equal to one-half of their service-connected disability ratings. (Thus, a veteran who has a 50% disability qualifies for an additional 25% exemption.)

Counties, cities, towns, villages, or school districts may provide the maximum exemption specified in law or pass a local ordinance increasing or reducing them. The maximums specified in law are generally \$12,000 for a wartime veteran, plus \$8,000 for a combat-zone veteran and an additional \$40,000 for a disabled veteran.

The “eligible funds” exemption is available to veterans (and other designated persons) who buy real property with certain funds that they received from the U.S. government for their military or naval services, including some civilian service ([N.Y. Real Property Tax Law § 458](#)). “Eligible funds” include pension, bonus, or insurance money, compensation paid to prisoners of war, mustering out pay, and other similar funds. The exemption reduces the property's assessed value to the extent that eligible funds were used in the purchase, generally up to \$5,000.

For purpose of the alternative and eligible funds exemption, war service generally includes active-duty service during:

1. the Persian Gulf War (on or after August 2, 1990),
2. the Vietnam War (February 28, 1961 to May 7, 1975),
3. the Korean War (June 27, 1950 to January 31, 1955), and
4. World War II (December 7, 1941 to December 31, 1946).

Qualifying service also includes U.S. Merchant Marine and specified civilian service during WW II. Veterans who have received an expeditionary medal also qualify for benefits, as do honorably discharged reservists who served for a “significant” time on full-time active duty.

Cold War Exemption

The law allows towns to provide, for up to 10 years, a 10% or 15% property tax exemption to veterans who served during the Cold War, provided the veteran is not receiving any of the other exemptions ([N.Y. Real Property Tax Law § 458-b](#)). Counties, cities, towns, and villages may also provide, indefinitely, an additional exemption to disabled Cold War veterans, equal to one-half of their service-connected disability rating. The claimant (veteran or qualified surviving spouse) must own the property and live in it as his or her primary residence (unless medically absent or institutionalized).

The town may provide the maximums specified in statutes, which are \$8,000, \$12,000, and \$40,000, respectively.

For purposes of the exemption, the law defines the Cold War as September 2, 1945 to December 26, 1991.

More information on New York veterans' property tax exemptions is available at <http://www.orps.state.ny.us/pamphlet/exempt/vets.htm>

Rhode Island

Rhode Island provides a general \$1,000 wartime veterans exemption, but the law specifically mandates a different amount for certain towns and cities and allows others to exempt a higher amount, which is capped (e.g., Cranston's exemption is capped at \$3,000 and Newport's exemption is \$4,000). The statutory caps range from \$4,000 to \$40,500. These are the same amounts for a deceased veteran's unmarried widow or widower ([R.I. Gen. Laws § 44-3-4](#)).

Additionally, Rhode Island allows for a \$10,000 exemption for veterans with a service-connected disability and a separate \$10,000 exemption for specially adapted housing needed because of such disability. The law allows certain municipalities to provide a higher amount ranging from \$11,000 to \$250,000). These are the same amounts for a deceased veteran's unmarried widow or widower.

Finally, veterans who have been determined to be prisoners of war, or their unmarried widows, are entitled to an additional \$15,000 exemption. But certain municipalities may provide a higher amount ranging from \$40,000 to \$68,000.

Qualifying Service

Qualifying service for purpose of the exemptions is generally:

1. World War II (December 7, 1941 to December 31, 1946);
2. Korean conflict (June 27, 1950 to January 31, 1955);
3. Vietnam conflict (February 28, 1961 to May 7, 1975);
4. Grenada or Lebanon conflicts of 1983-1984;
5. Persian Gulf conflict, the Haitian conflict, the Somalian conflict, and the Bosnian conflict, (August 2, 1990 to May 1, 1994); or
6. any conflict or undeclared war for which a campaign ribbon or expeditionary medal was earned.

Veterans must have been honorably discharged under conditions other than dishonorable, or if not discharged, served honorably.

For more information, see Rhode Island's Department of Revenue's veteran property [guide](#).

Vermont

State law mandates a minimum \$10,000 property tax exemption for qualified veterans with disabilities. But cities and towns may exempt up to \$40,000. The exemption may be applied to real or personal property. The veteran must own the home that is the basis of the tax claim.

The following qualify for the exemption:

1. veterans receiving compensation for a 50% or greater disability,
2. veterans receiving non-service connected pensions,
3. veterans collecting military retirement pay for a medical military retirement, and
4. surviving spouses who do not remarry ([Vt. Stat. Ann. tit. 32. § 3802](#)).

For purposes of the exemption, a “veteran” is anyone who served in active military, naval, or air service and was discharged or released under conditions other than dishonorable.

For more information, see Vermont’s Department of Taxes’ [summary](#) of veterans’ property taxes.

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