



# House of Representatives

General Assembly

**File No. 200**

January Session, 2019

Substitute House Bill No. 7244

*House of Representatives, March 28, 2019*

The Committee on Veterans' Affairs reported through REP. BORER, D. of the 115th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING THE PROPERTY TAX EXEMPTION FOR SERVICE MEMBERS AND VETERANS HAVING DISABILITY RATINGS.***

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

1 Section 1. Subdivision (20) of section 12-81 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2019, and applicable to assessment years commencing on or after*  
4 *October 1, 2019*):

5 (20) Subject to the provisions hereinafter stated, property not  
6 exceeding three thousand five hundred dollars in amount shall be  
7 exempt from taxation, which property belongs to, or is held in trust  
8 for, any resident of this state who has served, or is serving, in the  
9 Army, Navy, Marine Corps, Coast Guard or Air Force of the United  
10 States and (1) has a disability rating by the United States Department  
11 of Veterans Affairs amounting to ten per cent or more of total  
12 disability, provided such exemption shall be [~~fifteen hundred~~] two  
13 thousand dollars in any case in which such rating is between ten per

14 cent and twenty-five per cent; two thousand five hundred dollars in  
15 any case in which such rating is more than twenty-five per cent but not  
16 more than fifty per cent; [twenty-five hundred] three thousand dollars  
17 in any case in which such rating is more than fifty per cent but not  
18 more than seventy-five per cent; and three thousand five hundred  
19 dollars in any case in which such person has attained sixty-five years  
20 of age or such rating is more than seventy-five per cent; or (2) is  
21 receiving a pension, annuity or compensation from the United States  
22 because of the loss in service of a leg or arm or that which is  
23 considered by the rules of the United States Pension Office or the  
24 Bureau of War Risk Insurance the equivalent of such loss. If such  
25 veteran lacks such amount of property in his or her name, so much of  
26 the property belonging to, or held in trust for, his or her spouse, who is  
27 domiciled with him or her, as is necessary to equal such amount shall  
28 also be so exempt. When any veteran entitled to an exemption under  
29 the provisions of this section has died, property belonging to, or held  
30 in trust for, his or her surviving spouse, while such spouse remains a  
31 widow or widower, or belonging to or held in trust for his or her  
32 minor children during their minority, or both, while they are residents  
33 of this state, shall be exempt in the same aggregate amount as that to  
34 which the disabled veteran was or would have been entitled at the  
35 time of his or her death, provided such spouse or a parent or guardian  
36 of such minor children shall file a copy of the death certificate of the  
37 disabled veteran with the assessor of the town in which the exemption  
38 is sought as soon as practicable after the disabled veteran's death. No  
39 individual entitled to exemption under this subdivision and under one  
40 or more of subdivisions (19), (22), (23), (25) and (26) of this section shall  
41 receive more than one exemption. No individual shall receive any  
42 exemption to which he or she is entitled under this subdivision until  
43 he or she has complied with section 12-95 and has submitted proof of  
44 his or her disability rating, as determined by the United States  
45 Department of Veterans Affairs, to the assessor of the town in which  
46 the exemption is sought. If there is no change to an individual's  
47 disability rating, such proof shall not be required for any assessment  
48 year following that for which the exemption under this subdivision is

49 granted initially. If the United States Department of Veterans Affairs  
50 modifies a veteran's disability rating, such modification shall be  
51 deemed a waiver of the right to such exemption until proof of  
52 disability rating is submitted to the assessor and the right to such  
53 exemption is established as required initially. Any person who has  
54 been unable to submit evidence of disability rating in the manner  
55 required by this subdivision, or who has failed to submit such  
56 evidence as provided in section 12-95, may, when he or she obtains  
57 such evidence, make application to the collector of taxes within one  
58 year after he or she obtains such proof or within one year after the  
59 expiration of the time limited in section 12-95, as the case may be, for  
60 abatement in case the tax has not been paid, or for refund in case the  
61 whole tax has been paid, of such part or the whole of such tax as  
62 represents the service exemption. Such abatement or refund may be  
63 granted retroactively to include the assessment day next succeeding  
64 the date as of which such person was entitled to such disability rating  
65 as determined by the United States Department of Veterans Affairs,  
66 but in no case shall any abatement or refund be made for a period  
67 greater than three years. The collector shall, after examination of such  
68 application, refer the same, with his recommendations thereon, to the  
69 board of selectmen of a town or to the corresponding authority of any  
70 other municipality, and shall certify to the amount of abatement or  
71 refund to which the applicant is entitled. Upon receipt of such  
72 application and certification, the selectmen or other duly constituted  
73 authority shall, in case the tax has not been paid, issue a certificate of  
74 abatement or, in case the whole tax has been paid, draw an order upon  
75 the treasurer in favor of such applicant for the amount without interest  
76 which represents the service exemption. Any action so taken by such  
77 selectmen or other authority shall be a matter of record and the tax  
78 collector shall be notified in writing of such action;

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2019, and applicable to assessment years commencing on or after October 1, 2019</i>	12-81(20)
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**Statement of Legislative Commissioners:**

The title was changed.

**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:**

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Policy & Mgmt., Off.	GF - Cost	None	Approx. \$40,000

Note: GF=General Fund

**Municipal Impact:**

Municipalities	Effect	FY 20 \$	FY 21 \$
Various Municipalities	Grand List Reduction	None	See Below

**Explanation**

The bill results in a grand list reduction to municipalities by increasing the base property tax exemption for certain disabled veterans, and the additional property tax exemption for disabled veterans that meet certain income requirements. A grand list reduction results in a revenue loss, given a constant mill rate.

At the average statewide FY 19 mill rate of 31.0, expansion of the base property tax exemption results in an estimated revenue loss of approximately \$350,000 across all municipalities.<sup>1</sup> It is not known how many disabled veterans qualify for the additional exemption.

The bill also results in a cost, estimated to be about \$40,000, to the Office of Policy and Management by increasing the cost to fully fund a

<sup>1</sup> There are approximately 27,400 disabled veterans in Connecticut. Given a homeownership rate among veterans of about 80%, it is estimated that about 22,000 of these veterans own homes and therefore would be impacted by the bill.

state grant that reimburses municipalities for the revenue loss resulting from the additional exemption. The grant can be prorated in years in which the appropriation is insufficient to fully fund payments.

***The Out Years***

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

**OLR Bill Analysis****HB 7244****AN ACT CONCERNING THE PROPERTY TAX EXEMPTION FOR SERVICE MEMBERS AND VETERANS HAVING DISABILITY RATINGS.****SUMMARY**

This bill increases the base property tax exemption for certain disabled service members and veterans by \$500. By doing so, it also increases the additional income-based exemption for such service members and veterans, which is calculated using the base exemption, by \$250 or \$1,000 depending on income.

By law, a deceased disabled veteran's unmarried spouse or minor children are entitled to the same tax exemption while they remain state residents. The bill requires the spouse or the parent or guardian of a minor child seeking such exemption to file a copy of the veteran's death certificate with the assessor in the town where the exemption is sought as soon as practicable after the death.

EFFECTIVE DATE: October 1, 2019, and applicable to assessment years commencing on or after October 1, 2019

**PROPERTY TAX EXEMPTION FOR DISABLED SERVICE MEMBERS OR VETERANS*****Base Exemption***

The bill increases the base state-mandated property tax exemption for disabled service members or veterans by \$500. The exemption is available to those who have (1) served, or are serving, in the U.S. Army, Navy, Marine Corps, Coast Guard, or Air Force and (2) a U.S. Veterans Affairs disability rating of 10% or more. As under current law, property tax exemption amounts vary depending on disability rating. Table 1 provides the current exemption amounts and the

increased amounts under the bill.

**Table 1: Base Property Tax Exemption Amounts**

<i>Disability Rating</i>	<i>Exemption Amount under Current Law</i>	<i>Exemption Amount under the Bill</i>
10%-25%	\$1,500	\$2,000
26%-50%	2,000	2,500
51%-75%	2,500	3,000
76%-100%	3,000	3,500
At least 10% if age 65 or older	3,000	3,500

### ***Income-based Exemption***

By law, a municipality must give a disabled service member or veteran an additional income-based exemption, which is calculated using the base exemption amount (CGS § 12-81g(a) & (d)). For disabled veterans or service members whose incomes are (1) below a certain limit, the additional exemption is twice the base amount and (2) above the limit, the additional exemption is 50% of the base amount. By increasing the base exemption by \$500, the bill increases the income-based exemption by (1) \$1,000 if the disabled veteran's income is below the threshold or (2) \$250 if it is over the threshold.

By law, the Office of Policy and Management annually updates the income limits to reflect the amount of the Social Security Administration's cost-of-living adjustment. For 2019, the limit for such veterans or service members is \$36,000 if unmarried and \$43,900 if married (CGS §§ 12-81l & 12-170aa(b)(2)). These limits apply to all disabled veterans and service members except those with 100% disability ratings, who are subject to the statutory limits of \$18,000 if unmarried and \$21,000 if married (CGS § 12-81g(a)).

### **COMMITTEE ACTION**

Veterans' Affairs Committee

Joint Favorable

Yea 15 Nay 1 (03/12/2019)