



House of Representatives

File No. 1007

General Assembly

January Session, 2019

(Reprint of File No. 200)

Substitute House Bill No. 7244
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 28, 2019

**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2 repealed and the following is substituted in lieu thereof (*Effective*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. No individual entitled to exemption under
36 this subdivision and under one or more of subdivisions (19), (22), (23),
37 (25) and (26) of this section shall receive more than one exemption. No
38 individual shall receive any exemption to which he or she is entitled
39 under this subdivision until he or she has complied with section 12-95
40 and has submitted proof of his or her disability rating, as determined
41 by the United States Department of Veterans Affairs, to the assessor of
42 the town in which the exemption is sought. If there is no change to an
43 individual's disability rating, such proof shall not be required for any
44 assessment year following that for which the exemption under this
45 subdivision is granted initially. If the United States Department of
46 Veterans Affairs modifies a veteran's disability rating, such
47 modification shall be deemed a waiver of the right to such exemption
48 until proof of disability rating is submitted to the assessor and the right
49 to such exemption is established as required initially. Any person who

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

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 | See Below |

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.¹ 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 state grant that reimburses municipalities for the revenue loss resulting from the additional exemption. The grant can be prorated in years in

¹ 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.

which the appropriation is insufficient to fully fund payments.

House "A" makes a procedural change for beneficiaries of property tax exemptions for disabled veterans. This has no fiscal impact, as it is not expected to impact the number of veterans receiving any property tax exemption.

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**sHB 7244 (as amended by House "A")*****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.

*House Amendment "A" removes a provision in the underlying bill requiring a deceased disabled veteran's unmarried spouse or the parent or guardian of the veteran's minor children to submit a copy of the veteran's death certificate to the tax assessor to receive the property tax exemption.

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) at or 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 at or 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)

Planning and Development Committee

Joint Favorable

Yea 18 Nay 1 (04/17/2019)