

OFFICE OF FISCAL ANALYSIS

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sHB-7244

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

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.¹ It is not known how many disabled veterans qualify for the additional exemption.

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.

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 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.