

Local Option Property Tax Relief Programs for Homeowners

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Issue

Describe the state's local option property tax relief programs for homeowners. This report updates OLR Report [2012-R-0236](#). **This report has been updated by OLR Report [2021-R-0173](#).**

Summary

State law gives municipalities the option of providing limited property tax relief to homeowners based on their (1) income, (2) age or disability, or (3) veteran or emergency personnel status. The programs target specific groups of homeowners, including seniors, veterans, individuals with disabilities, firefighters and emergency personnel, and individuals whose property taxes exceed 8% of their income. These optional property tax relief programs are in addition to the tax relief municipalities are required to provide under state law.

Income-based Programs

Deferral of Taxes Exceeding 8% of Homeowner's Income

Municipalities' legislative bodies can vote to defer property taxes for any owner-occupied residence if the tax exceeds 8% of the owner's income for a given year. Deferred taxes are a lien on the property and must be paid with interest, when the homeowner dies or the property is sold ([CGS § 12-124a](#)).

Abatement of Taxes for the Poor

Town selectmen, city mayors and aldermen, borough wardens and burgesses, and other communities' committees may, with the approval of their standing abatement committees or, if

lacking one, the Office of Policy Management (OPM) secretary, abate taxes or the interest on delinquent taxes assessed on people who are poor and cannot pay ([CGS § 12-124](#)).

Programs for Seniors and Individuals with Disabilities

Tax Freeze for Seniors

Municipalities may freeze the property taxes on homes whose owner or owner's spouse is at least age 70 and has been a state resident for at least one year. The freeze continues for a surviving spouse who is at least age 62 when the homeowner dies. Homeowners must meet the Circuit Breaker Tax Relief Program income thresholds (currently \$43,900 for married couples and \$36,000 for singles). Municipalities may also impose asset limits for eligibility and put a lien on the property ([CGS §§ 12-170v & 12-170w](#)).

More information on the Circuit Breaker Tax Relief Program is available on OPM's website [here](#).

Relief for Homeowners who are Seniors or Have Permanent Disabilities

Municipalities may provide property tax relief to qualifying homeowners for real property they own and occupy as their principal residences. To qualify for the tax relief, the homeowner must have been a taxpayer in the municipality for at least a year and (1) be at least age 65, (2) have a spouse living with him or her who is at least age 65, (3) be certified by the Social Security Administration as permanently and totally disabled, or (4) be at least age 60 and the surviving spouse of an eligible taxpayer.

The tax relief may take any form, including freezing tax payments at specified levels and municipalities may establish income criteria. But the overall amount of tax relief is limited to 10% of the total value of real property in the municipality in each given year. The total value of tax relief under this and the tax freeze (see above) and mandatory Circuit Breaker Tax Relief programs cannot exceed the homeowner's annual tax.

The municipality may put a lien on the property for the amount of the tax relief, and must do so if the relief provided under all these programs combined is more than 75% of the tax owed ([CGS § 12-129n](#)).

Exemption for Homeowners with Disabilities

Municipalities must provide a \$1,000 property tax exemption to homeowners who (1) are eligible to receive permanent total disability benefits under Social Security; (2) qualify for permanent disability

benefits under a federal, state, or local government retirement plan; or (3) are 65 years or older and no longer eligible to receive benefits under the disability benefit provisions of Social Security ([CGS § 12-81\(55\)](#)).

Municipalities have the option of also providing these homeowners an additional exemption of up to \$1,000 ([CGS § 12-81i](#)).

Exemption for Special Tax Levied

Municipalities may exempt a prorated amount of any special tax levied on real property for low-income seniors and individuals with disabilities eligible for the mandatory tax freeze program for these homeowners ([CGS § 12-129o](#)).

Exemption for Individuals who are Blind

Municipalities may provide a \$2,000 exemption to qualifying homeowners who are blind ([CGS § 12-81j](#)). This local option exemption is in addition to the mandatory \$3,000 exemption municipalities provide to these homeowners ([CGS § 12-81\(17\)](#)).

Programs for Emergency Personnel

Relief for Firefighters and Emergency Personnel

Municipalities may provide, by ordinance, property tax relief to the following types of active and retired volunteers:

1. local emergency management directors;
2. firefighters and fire police officers;
3. emergency medical technicians and paramedics;
4. civil preparedness staff;
5. active members of a volunteer (a) canine search and rescue team or (b) underwater search and rescue team;
6. ambulance drivers in the municipality; and
7. retired volunteer firefighters, police officers, or emergency medical technicians who have completed at least 25 years of service in those roles.

The ordinance may also authorize interlocal agreements for providing tax relief to certain active and retired volunteers who live in one municipality but volunteer or volunteered their services in another municipality.

The tax relief may be in the form of either (1) an abatement of property taxes due for any fiscal year (up to \$1,500 in FYs 20 and 21 and up to \$2,000 for FY 22 and thereafter) or (2) an exemption applicable to the assessed value of real or personal property up to an amount equal to \$1 million divided by the mill rate, in effect at the time of assessment (effectively reducing the amount a taxpayer owes by up to \$1,000) ([CGS § 12-81w](#), as amended by [PA 19-36](#)).

Abatement for Surviving Spouses of Police Officers or Fire Fighters

Municipalities may establish a program to abate all or a portion of the property tax on the principal residence of the surviving spouse of a police officer, firefighter, or emergency medical technician who dies while in the performance of his or her duties ([CGS § 12-81x](#)).

Programs for Veterans

Additional Exemption for Wartime Veterans

Municipalities may provide qualified wartime veterans with a property tax exemption of up to \$20,000 or 10% of a property's assessed value; this exemption is in addition to the state-mandated exemption they must provide to these qualified veterans. Municipalities may set the income threshold for eligibility, with the minimum being the default amount the state annually sets for other property tax exemptions (for 2019, \$36,000 for individuals and \$43,900 for married joint filers) ([CGS § 12-81f](#)).

Additional Exemption for Disabled Veterans

State law requires municipalities to provide veterans who have a Veterans Administration (VA) disability rating of at least 10% with (1) a "base exemption" ranging from \$2,000 to \$3,500, depending on the disability rating and (2) an income-based exemption of either 50% or 200% of the base exemption amount, depending on whether their income falls below or above a statutorily-set threshold ([CGS § 12-81\(20\)](#), as amended by [PA 19-171](#); exemption amounts effective October 1, 2019).

Municipalities may, with legislative body approval, provide an additional exemption to veterans who are entitled to the larger income-based exemption (due to their incomes falling below the statutorily-set threshold). If the municipality chooses to provide the exemption, it must be at least \$3,000 and applied to the assessed value of the veteran's property ([CGS § 12-81f\(b\)](#)).

Additional Exemption for 100% Disabled Veterans

State law requires municipalities to provide veterans who have a 100% disability rating with (1) a “base exemption” of \$3,500 and (2) an income-based exemption of either 50% or 200% (\$1,750 or \$7,000) of the base exemption, depending on whether their incomes fall below or above a statutorily-set threshold.

Municipalities may, with legislative body approval (or board of selectmen approval where the legislative body is a town meeting), provide 100% disabled veterans who have incomes below a certain threshold with an income-based exemption equal to 300% (\$10,500) of the base exemption amount (\$3,500) rather than the standard 200% (\$7,000). The income eligibility threshold for this optional municipal property tax exemption is \$21,000, if single and \$24,000, if married ([CGS § 12-81g\(b\)](#) as amended by [PA 19-171](#); exemption amounts effective October 1, 2019).

Exemption for Certain Non-Disabled Veterans

The law allows a municipality, with its legislative body’s approval, to exempt up to \$5,000 or 5% of the property’s assessed value for veterans who (1) do not qualify for certain other veterans’ property tax exemptions (i.e., wartime, disabled, and severe service-related disability exemptions) and (2) have incomes below a threshold. Municipalities may increase the income threshold for eligibility, with the minimum being the amount the state annually sets (for 2019, \$36,000 for individuals and \$43,900 for married joint filers) ([CGS § 12-81jj](#)).

Specially Adapted House

Municipalities may provide a total exemption to those veterans receiving financial assistance for specially adapted housing under Title 38 of the United States Code. (A specially adapted home is one outfitted to make it suitable for someone who has lost his limbs or eyesight.) ([CGS § 12-81\(21\)\(c\)](#)).

Property Tax Exemption for Gold Star Parents and Spouses

Municipalities may provide a property tax exemption to any parent or surviving spouse of a service member killed in action while performing active military duty with the U.S. Armed Forces (i.e., “Gold Star” parent or surviving spouse). A municipality may exempt up to \$20,000 or 10% of the property’s assessed value.

To be eligible for the exemption, the income of the Gold Star parent or surviving spouse cannot exceed (1) the state’s income limit for a single person for other veterans’ property tax exemptions

annually set by the Office of Policy and Management (\$36,000 for 2019) or (2) an amount the municipality sets, up to \$25,000 more than the state limit ([CGS § 12-81j](#)).

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