

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 [2019-R-0034](#).

Summary

State law gives municipalities the option of providing limited property tax relief to homeowners based on their (1) income, (2) age or disability status, 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. Additionally, for fiscal years (FYs) 22 and 23, municipalities may adopt a program that either lowers the interest rate on delinquent payments or extends the penalty-free grace period.

These optional property tax relief programs are in addition to the tax relief municipalities are required to provide under state law. OLR Report [2021-R-0172](#) provides information on mandatory property tax relief for homeowners.

Abatements

reduce the amount of tax due. For example, if a homeowner owes \$1,000 in taxes and is entitled to a 10% abatement, he or she would owe \$900 instead.

Circuit Breaker Programs prevent a tax from exceeding a specified portion of eligible individual's income.

Exemptions

exclude property or a portion of its value (i.e., reduces its assessed value) from taxation. For example, if a house has an assessed value of \$140,000 and \$20,000 is exempted, \$120,000 of its value would be taxable.

Tax Freezes

set an individual's property tax to the amount he or she owed at a particular time.

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-occupant, or his or her spouse, has been a state resident for at least one year and is at least age 65 (municipalities, by a vote of their legislative bodies, may raise the age of eligibility). 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 \$45,800 for married joint filers and \$37,600 for individuals, based on 2020 income). Municipalities may also impose asset limits for eligibility and put a lien on the property in the amount of the total tax relief granted plus interest ([CGS § 12-170v](#), as amended by [PA 21-84](#), § 1, and [CGS § 12-170w](#), as amended by [PA 21-2, JSS](#), § 170, & [PA 21-196](#), § 11).

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, 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 at least age 65 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, an abatement or exemption 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 an (1) abatement of property taxes of up to \$2,000 due for any fiscal year or (2) exemption applicable to the assessed value of real or personal property up to an amount equal to \$2 million divided by the municipality's mill rate at the time of assessment (effectively reducing the amount a taxpayer owes by up to \$2,000) ([CGS § 12-81w](#), as amended by [PA 21-83](#)).

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

While the exemption amounts below are set in statute, the law requires a municipality to proportionally increase most of these amounts if a revaluation results in a grand list increase ([CGS § 12-62g](#)). This requirement does not apply to the below-described exemptions for (1) non-disabled veterans without wartime service or (2) Goldstar parents or spouses ([CGS § 12-81ji](#), as amended by [PA 21-79](#), § 17, and [CGS § 12-81ii](#)).

Additional Exemption for Wartime Veterans or Surviving Spouses

Municipalities may provide qualified wartime veterans, or their surviving spouses, with a property tax exemption of up to \$20,000 or 10% of a property's assessed value. Municipalities may set the income threshold for eligibility, with the minimum being the default amount the state annually sets

for other property tax exemptions (currently \$37,600 for individuals and \$45,800 for married joint filers, based on 2020 income) ([CGS § 12-81f\(a\)&\(c\)](#)). This exemption is in addition to the state-mandated exemption they must provide to these veterans or their surviving spouses ([CGS § 12-81\(19\)&\(22\)](#)).

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\(20\)](#)).

Municipalities may, with their legislative body’s 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% of the base exemption (either \$1,750 or \$7,000), depending on whether their incomes fall below or above a statutorily-set threshold (\$21,000 if married and \$18,000 if unmarried) ([CGS §§ 12-81\(20\)](#) & [12-81g\(a\)](#)).

Municipalities may, with their legislative body’s approval (or board of selectmen’s approval where the legislative body is a town meeting), increase the income-based exemption for those with incomes not above \$24,000 if married or \$21,000 if unmarried. Municipalities that do so must provide an income-based exemption equal to 300% of the base exemption (i.e., \$10,500), rather than the standard 200% ([CGS § 12-81g\(b\)](#)).

Exemption for Certain Non-Disabled Veterans Without Wartime Service

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 (currently \$37,600 for

individuals and \$45,800 for married joint filers, based on 2020 income) ([CGS § 12-81j](#), as amended by [PA 21-79](#), § 17).

Specialty Adapted House

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

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 (currently \$37,600) or (2) an amount the municipality sets, up to \$25,000 more than the state limit ([CGS § 12-81i](#)).

Temporary Property Tax Relief Programs

The legislature passed a law during the 2021 legislative session allowing municipalities and taxing districts to adopt programs (for FYs 22 and 23) that provide temporary property tax or municipal utility charge relief to taxpayers in the form of either payment deferral or lowered interest rates, as described below.

A municipality’s legislative body, or taxing district’s board of directors, must approve the program. Under either program, and the relief may apply to property taxes (including those owed on real and personal property and motor vehicles) or municipal water, sewer, or electric rates, charges, or assessments (i.e., municipal utility charges) ([PA 21-73](#), §§ 1 & 2).

Payment Deferral

Municipalities and districts that offer a payment deferral program must allow taxpayers to defer property tax or municipal utility payments for 90 days after the due date ([PA 21-73](#), § 1). Under existing law, taxpayers generally have a one-month grace period, after which interest accrues from the due date ([CGS § 12-146](#)).

Lowered Interest Rate

Municipalities and districts that adopt a program to lower interest rates must subject delinquent property tax and municipal utility payments to an interest rate of 0.25% per month (3% per year) for 90 days after they become due, unless the full amount is paid sooner or the interest rate under existing law is lower. After the 90-day period expires, any unpaid amount is subject to the penalties and interest rate specified under existing law ([PA 21-73, § 2](#)). Generally, municipal property taxes accrue interest at a rate of 1.5% per month (18% per year) for each month or part of a month that elapses between the due date and the payment date ([CGS § 12-146](#)). The same rate typically applies to municipal utility charges.

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