

# OLR Backgrounder: Veterans' Property Tax Exemptions

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## Issue

Provide an overview of Connecticut's veterans' property tax exemptions. This report updates OLR Report [2020-R-0205](#).

## Summary

By law, municipalities must provide property tax exemptions to three categories of veterans. They must provide the exemptions (commonly referred to as "state-mandated exemptions") to veterans who:

1. served during specified wartime periods or actions ([CGS § 12-81\(19\)](#)),
2. retired from service after 30 years ([CGS § 12-81\(19\)](#)), or
3. have qualifying disabilities, meaning
  - a U.S. Veterans Affairs (VA) disability rating of at least 10% ([CGS § 12-81\(20\)](#));
  - the loss of an arm, leg, or the equivalent in service, for which a pension or annuity is received ([CGS § 12-81\(20\)](#)); or
  - a qualifying severe service-related disability ([CGS § 12-81\(21\)](#)).

### *Definition of Veteran*

*For property tax exemption purposes, a veteran is anyone discharged or released from active service in the U.S. Armed Forces honorably, under honorable conditions, or with an other than honorable (OTH) discharge based on a qualifying condition (i.e., diagnosis of post-traumatic stress disorder or traumatic brain injury, disclosed military sexual trauma, or determination that sexual orientation or gender identity or expression was more likely than not the primary reason for the OTH discharge) ([CGS § 27-103](#), as amended by [PA 21-79](#)).*

## ***“Exemptions”***

*Property tax payments are calculated by multiplying a property’s net assessment (i.e., total assessed value less applicable exemptions) by a taxing jurisdiction’s mill rate. Exemptions are a reduction in a property’s assessed value on which taxes are owed; they are not credits against the total amount owed.*

With their legislative bodies’ approval, municipalities may grant certain additional exemptions (commonly referred to as “municipal-option exemptions”) to these veterans and others who do not qualify for the state-mandated exemptions.

Neither state-mandated nor municipal-option exemptions are automatic. By law, a claimant must apply for the exemption and provide proof of eligibility to the municipality in which her or she is claiming the exemption. Once granted, the exemptions may apply against the assessed value of real or personal property (except the severe service-related disability exemption which, as described below, applies only to certain real property).

An individual’s eligibility for an exemption is often contingent on the veteran’s qualifying factors (e.g., if he or she has qualifying wartime service or disabilities) and income-level. With certain exceptions, exemptions that are based on a veteran’s income level use a statutorily-set threshold that the Office of Policy and Management (OPM) annually updates (the “OPM-set income limit”). OPM updates the income limit to reflect the Social Security Administration’s cost-of-living adjustments ([CGS § 12-81](#)). OPM’s [Question and Answer Booklet for Tax Relief Programs](#) provides additional information.

### ***OPM - Set Income Limits***

*For 2021, the income limit is \$37,600 for individuals and \$45,800 for married joint-filers, based on 2020 income.*

*For 2022, the income limit is \$38,100 for individuals and \$46,400 for married joint-filers, based on 2021 income.*

The exemption amounts in this report reflect the amounts set in statute. The law requires municipalities to increase these amounts if a revaluation results in a grand list increase of a certain amount (see Increase in Exemption Amounts After a Revaluation section below) ([CGS § 12-62g](#)). Thus, the actual exemption amounts may be higher than those in this report and individuals should contact their town assessor to determine the actual exemption amounts in their town.

A veteran’s unmarried surviving spouse is generally entitled to any exemption to which the veteran would be entitled. A deceased veteran’s children and surviving parents may receive certain benefits, as well.

For further information on programs and eligibility requirements, veterans may contact the state Veterans’ Department Office of Advocacy and Assistance at (866) 9CT-VETS and visit the Veterans’ Department website: <https://portal.ct.gov/dva>.

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# Exemption for Wartime Service

## Eligibility

Municipalities must provide a property tax exemption for veterans who (1) are residents of the state and (2) served for at least 90 days during specified wartime periods and actions (see Table 1 below) in the U.S. Armed Forces, or certain governments associated with the United States. A veteran who served less than 90 days due to either (1) an injury incurred or aggravated in the line of duty or (2) a service-connected, U.S. Department of Veterans Affairs-rated disability is still eligible for the exemption ([CGS § 27-103](#), as amended by [PA 21-79](#)). Members currently serving in a time of war and World War II veterans with certain Merchant Marine service are also eligible ([CGS § 12-81\(19\)\(A\)-\(D\)](#), as amended by [PA 21-79](#)).

**Table 1: Post-1940 Wartime Periods and Actions**

Operation	Date	Service Condition
World War II	12/07/41 - 12/31/47*	Active service during the war
Korean War	06/27/50 - 01/31/55	Active service during the war
Lebanon Conflict	07/01/58 - 11/01/58 or 09/29/82 - 03/30/84	Combat or combat-support role in Lebanon
Vietnam Era	02/28/61 - 07/01/75	Active service during the war
Grenada invasion	10/25/83 - 12/15/83	Combat or combat-support role in Grenada required
Operation Earnest Will (escort of Kuwaiti tankers flying U.S. flag in Persian Gulf)	07/24/87 - 08/01/90	Combat or combat-support role required in the operation
Panama invasion	12/20/89 - 01/31/90	Combat or combat-support role required in the invasion
Persian Gulf War	08/02/1990 until a date prescribed by the President or law	Active service anywhere during the war (not necessarily in the Persian Gulf or in a combat role)

\*End date specified in [CGS § 12-86](#) for property tax exemptions

## State-Mandated Exemption Amount

The wartime service exemption is composed of two parts:

1. a “basic exemption” of \$1,000 ([CGS § 12-81\(19\)](#), as amended by [PA 21-79](#)) and
2. an “income-based exemption” equal to 50% of the basic exemption (i.e., \$500) if the veteran’s income exceeds the OPM-set income limit (see Summary) and twice the basic exemption (i.e., \$2,000) if the veteran’s income is at or below the limit ([CGS § 12-81g\(a\) & \(d\)](#)).

### ***Additional Municipal-Option***

In addition to the exemption municipalities must provide to qualifying wartime veterans, municipalities may also, with their legislative body's approval, give an exemption to wartime veterans who have incomes below a certain threshold. A municipality may use the OPM-set income limit as the threshold, or set a higher threshold. The exemption can be up to \$20,000 or 10% of a property's assessed value ([CGS § 12-81f\(a\)](#)).

### **Exemption for 30-Year Retirees**

Municipalities must provide a property tax exemption to veterans who retired from the U.S. Armed Forces after 30 years of service because they (1) reached the law's prescribed age limit or (2) suffered from a mental or physical disability ([CGS § 12-81\(19\)\(G\)](#), as amended by [PA 21-79](#)).

### ***State-Mandated Exemption Amount***

The exemption for eligible retired veterans is composed of two parts:

1. a "basic exemption" of \$1,000 ([CGS § 12-81\(19\)](#), as amended by [PA 21-79](#)) and
2. an "income-based exemption" equal to 50% of the basic exemption (i.e., \$500) if the veteran's income exceeds the OPM-set income limit (see Summary) and twice the basic exemption (i.e., \$2,000) if the veteran's income is at or below the limit ([CGS § 12-81g\(a\) & \(d\)](#)).

### ***Additional Municipal-Option***

In addition to the exemption municipalities must provide to qualifying retirees, municipalities may also, with their legislative body's approval, provide these retirees who have incomes below a certain threshold an exemption of up to \$20,000 or up to 10% of their property's assessed value.

Municipality may use the OPM-set income limit as the threshold or set a higher one ([CGS § 12-81f\(a\)](#)).

### **Exemptions for Disabled Veterans**

#### ***Eligibility***

Veterans (and service members) with certain disabilities who reside in-state are entitled to a property tax exemption, the amount of which depends on the severity and nature of the disability and the veteran's income level. Municipalities must provide an exemption to veterans who:

1. have a VA disability rating of 10% or greater ([CGS § 12-81\(20\)](#));

2. receive a pension, annuity, or compensation from the United States due to the service-related loss of their arm, leg, or equivalent (“receive compensation”) ([CGS § 12-81\(20\)](#)); or
3. qualify for one of the above and also have a severe, service-related disability (see below) ([CGS § 12-81\(21\)](#)).

In addition to the state-mandated exemptions, municipalities may adopt certain additional exemptions as described below.

### ***State-Mandated Exemption***

The state mandated exemption for veterans with disabilities is composed of (1) an amount based on the veteran’s disability, (2) an additional severe-service related disability amount, if applicable, plus (3) an income-based exemption.

### ***Disability-Based Exemptions***

Veterans with a VA-rated disability of at least 10% are eligible for a state-mandated exemption ranging from \$2,000 to \$3,500. As Table 2 below shows, the exemption amount increases with the disability rating. (The disability does not have to be service-related, and unlike the exemptions for non-disabled veterans, wartime service is not necessary to qualify.) Upon reaching the age of 65, a veteran’s exemption automatically increases to \$3,500 as of October 1 ([CGS § 12-81\(20\)](#)).

**Table 2: Disability-Based Exemption Amounts for Veterans With Disability Ratings**

Disability Rating	Exemption Amount
10%-25%	\$2,000
26%-50%	\$2,500
51%-75%	\$3,000
76%-100%	\$3,500
At least 10% and age 65 or older	\$3,500

Veterans who receive compensation, such as a pension or annuity, from the United States due to the service-related loss of a leg or arm (or its equivalent, as determined by the U.S. Pension Office or the Bureau of War Risk Insurance) are also eligible for a disability-based exemption of up to \$3,500 ([CGS § 12-81\(20\)](#)).

### ***Additional Severe Service-Related Exemption***

Veterans who are U.S. citizens and reside in-state qualify for an exemption of \$5,000 for the loss of the use of an arm or a leg or \$10,000 for:

1. permanent loss of use of both legs or permanent paralysis of both legs and lower parts of the body;
2. permanent paralysis of one leg and one arm on either side of the body resulting from injury to the spinal cord, skeletal structure, or brain or from spinal cord disease;
3. the amputation of both arms, legs, hands, or feet or a combination of a hand and a foot; or
4. total blindness.

The exemption can be applied only to the veteran's residence (i.e., dwelling and lot). If the residence is not a single-family home, the exemption may be applied only to the part the veteran occupies. In the case of a married couple, either spouse may own or be the beneficiary of a trust with respect to the property. But the property must be the veteran's domicile or permanent residence ([CGS § 12-81\(21\)](#)).

By law, individuals may generally only claim one veteran-related exemption even if they qualify under more than one statutory section. But veterans who qualify based on their disability rating or U.S. compensation may also receive an additional exemption for severe service-related disabilities, provided they meet the criteria for both ([CGS § 12-90](#)).

### *Income-Based Exemption*

The income-based exemption is equal to 50% of the basic exemption (i.e., \$500) if the veteran's income exceeds the OPM-set income limit (see Summary) and equal to twice the basic exemption (i.e., \$2,000) if the veteran's income is at or below the limit. Except for 100% disabled veterans, the income threshold is \$18,000 for unmarried veterans and \$21,000 for married veterans ([CGS § 12-81g\(a\) & \(d\)](#)).

## ***Municipal-Option Exemptions***

### *100% Disabled Veterans*

In lieu of the income-based exemption described above, a municipality may, with its legislative body's approval, provide 100% disabled veterans who have limited incomes an increased income-based exemption, equal to three times the base exemption under [CGS § 12-81\(20\)](#). The income threshold for this optional exemption is \$21,000, for unmarried individuals and \$24,000, if married ([CGS § 12-81g\(a\) & \(b\)](#)).

### *Veterans With a Disability Rating or Receiving Compensation*

Municipalities may provide an additional property tax exemption to veterans who have a disability rating or receive compensation and have incomes below a municipally-set threshold. The municipality

may use the OPM-set threshold (see Summary) or set a higher one. If the municipality chooses to provide this exemption, the exemption must be at least \$3,000 and applied to the assessed value of the veteran's property ([CGS § 12-81f\(b\)](#)).

### *Specially Equipped Motor Vehicle*

The law allows a municipality to grant a property tax exemption, a uniform percentage of the assessed value, for one motor vehicle owned by a veteran who qualifies for an exemption based on his or her disability rating or severe service-related disability, under [CGS § 12-81\(20\)](#) or [CGS § 12-81\(21\)](#). To qualify, the vehicle must be specially equipped to accommodate the veteran's disability ([CGS § 12-81h](#)).

### *Specially Adapted House*

The law also allows municipalities to completely exempt from property taxes a veteran's house and house lot acquired or modified under a federal financial aid program for specially adapted housing for veterans. (A specially adapted home is one outfitted to be suitable for someone who lost his or her limbs or eyesight.) This exemption is only available to individuals with a severe service-related disability ([CGS § 12-81\(21\)\(C\)](#)).

## **Exemption for Non-Disabled Veterans Without Wartime Service**

### ***Municipal-Option Exemption***

By law, municipalities, with their legislative body's approval, may provide a property tax exemption to veterans who have incomes below a municipally-set threshold and are ineligible for any of the exemptions for wartime, retired, or disabled veterans. Under this program, a municipality may exempt up to \$5,000 or 5% of a property's assessed value. The municipality may set the qualifying income threshold at the OPM-set amount (see above) or a higher amount ([CGS § 12-81jj](#)).

## **Increase in Exemption Amounts After a Revaluation**

Municipalities must increase certain exemptions if, after performing a revaluation, their grand list increases by a certain amount. (A revaluation is the process used to periodically capture changes in real property values.)

Veteran exemptions eligible for the increase include the:

1. basic exemption for wartime veterans, retirees, and others under [CGS § 12-81\(19\)](#), as amended by [PA 21-79](#);
2. municipal-option exemption for wartime veterans, retirees, and others under [CGS § 12-81f](#);



3. disability-based exemptions (i.e., for qualifying disability ratings and those receiving U.S. compensation) under [CGS § 12-81\(20\)](#); and
4. severe, service-related disability exemption under [CGS § 12-81\(21\)](#).

Increases to these exemptions result in increases to other exemptions that are based on these amounts (e.g., the income-based exemptions).

By law, municipalities must determine if an exemption increase is triggered by calculating an “increase factor” (the factor equals the net taxable grand list after the revaluation divided by the prior year’s net taxable grand list) ([CGS § 12-62g](#)). According to the 2019 Connecticut Assessors’ Handbook (pages 3-12 and 8-10), the municipality rounds the increase factor to the nearest whole number. If the resulting factor is 1.5 or higher, the exemption increase is triggered. To calculate the increased exemption amount, the factor is then multiplied by the current exemption. The increased exemption applies until the next triggering revaluation and is cumulative.

# Attachment 1: Overview of Veterans' Property Tax Exemptions

## State-Mandated and Municipal-Option Property Tax Exemptions for Veterans

Eligibility Category	CGS §	Exemption Type	Requirements and Criteria	Exemption Amount
Wartime veterans and 30-year retirees	<a href="#">12-81(19)</a> , as amended by <a href="#">PA 21-79</a>	Mandatory, basic exemption	Veteran must meet the definition of a wartime veteran or 30-year retiree	\$1,000 (or more if increased due to revaluation)
	<a href="#">12-81g(a) &amp; (d)</a>	Mandatory, income-based	Veteran must qualify for the exemption under § 12-81(19); exemption amount depends on whether the veteran's income is above or below the OPM-set income limit	Twice the basic exemption if income is at or below the threshold; 50% if income exceeds it
	<a href="#">12-81f(a)</a>	Municipal option, income-based	Veteran must qualify for the exemption under § 12-81(19) and have an income below the municipally set threshold; minimum threshold is the OPM-set income limit	Up to \$20,000 or 10% of assessed value
Veterans with a disability rating of at least 10%	<a href="#">12-81(20)</a>	Mandatory, basic exemption	Veteran must have a disability rating of at least 10%	Between \$2,000-\$3,500, depending on disability rating and age (or more if increased due to revaluation) (see Table 2)
	<a href="#">12-81g(a) &amp; (d)</a>	Mandatory, income-based	Veteran must qualify for the exemption under § 12-81(20); exemption amount depends on whether a veteran's income is above or below the income threshold, which varies depending on the individual's disability rating: <ul style="list-style-type: none"> <li>• For a 100% disability rating, the threshold is \$18,000 for individuals and \$21,000 for joint filers</li> <li>• For a disability rating above 10% and less than 100%, the threshold is the OPM-set income limit</li> </ul>	Twice the basic exemption for those with incomes at or below the applicable threshold; 50% if income exceeds it
	<a href="#">12-81f(b)</a>	Municipal option, income-based	Veteran must qualify for the exemption under § 12-81(20) and have an income at or below the municipally set threshold; minimum threshold is the OPM-set income limit	At least \$3,000 (set by municipality)

**State-Mandated and Municipal-Option Property Tax Exemptions for Veterans (continued)**

<b>Eligibility Category</b>	<b>CGS §</b>	<b>Exemption Type</b>	<b>Requirements and Criteria</b>	<b>Exemption Amount</b>
<b>Veterans with a disability rating of at least 10% (continued)</b>	<a href="#">12-81g(b)</a>	Municipal option, income-based	Veteran must qualify for the exemption under § 12-81(20) and have a 100% disability rating and qualifying income below \$18,000 for individuals and \$24,000 for joint filers	Three times the basic exemption (in lieu of the mandatory, income-based exemption)
	<a href="#">12-81h</a>	Municipal option	Veteran must qualify for the exemption under § 12-81(20) and own a specially equipped motor vehicle adapted to the veteran's disability	Municipally set percentage of one specially equipped motor vehicle's assessed value
<b>Veterans receiving compensation due to service-related loss of arm, leg, or equivalent</b>	<a href="#">12-81(20)</a>	Mandatory, basic exemption	Veteran must receive qualifying compensation	Up to \$3,500
	<a href="#">12-81g(a) &amp; (d)</a>	Mandatory, income-based	Veteran must qualify for the exemption under § 12-81(20); exemption amount depends on whether the veterans' income is above or below the OPM-set income limit	Twice the basic exemption if income is at or below the threshold; 50% if income exceeds it
	<a href="#">12-81f(b)</a>	Municipal option, income-based	Veteran must qualify for the exemption under § 12-81(20) and have an income below municipally-set threshold; minimum threshold is the OPM-set income limit	At least \$3,000 (set by municipality)
	<a href="#">12-81h</a>	Municipal option	Veteran must qualify for the exemption under § 12-81(20) and own a specially equipped motor vehicle adapted to the veteran's disability	Municipally-set percentage of one specially equipped motor vehicle's assessed value
<b>Veterans with a severe service-related disability</b>	<a href="#">12-81(21)(A)</a>	Mandatory exemption	Veteran must be a U.S. citizen and have an eligible severe service-related disability and qualify under § 12-81(20)	\$10,000 (or \$5,000 if the veteran lost the use of one arm or leg)
	<a href="#">12-81g(a) &amp; (d)</a>	Mandatory, income-based	Veteran must qualify for the exemption under § 12-81(20) and (21); exemption amount depends on whether the veterans' income is above or below the OPM-set income limit	Twice the basic exemption if income is at or below the threshold; 50% if income exceeds it

**State-Mandated and Municipal-Option Property Tax Exemptions for Veterans (continued)**

Eligibility Category	CGS §	Exemption Type	Requirements and Criteria	Exemption Amount
	<a href="#">12-81(21)(C)</a>	Municipal option	Veteran must have acquired or modified his or her house with aid from certain federal financial programs for specially adapted veteran housing	Value of the house and lot
	<a href="#">12-81h</a>	Municipal option	Veteran must qualify for the exemption under § 12-81(20) and (21) and own a specially equipped motor vehicle adapted to the veteran's disability	Municipally-set percentage of one specially equipped motor vehicle's assessed value
<b>Certain veterans who do not qualify for other exemptions</b> (i.e., no qualifying wartime service or retirement, disabilities, or disability ratings)	<a href="#">12-81jj</a>	Municipal option, income-based	Veteran must have income below municipally-set threshold; minimum threshold is the OPM-set income limit	Up to \$5,000 or up to 5% of the property's assessed value

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