



Senate

General Assembly

File No. 737

January Session, 2023

Substitute Senate Bill No. 1128

Senate, May 8, 2023

The Committee on Appropriations reported through SEN. OSTEN of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CERTAIN PROPERTY TAX EXEMPTIONS FOR VETERANS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivisions (19) to (26), inclusive, of section 12-81 of the
2 general statutes are repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2023, and applicable to assessment years*
4 *commencing on or after October 1, 2023*):

5 (19) Subject to the provisions of sections 12-89, 12-90 and 12-95,
6 property to the amount of one thousand fifteen dollars belonging to, or
7 held in trust for, (A) any resident of this state who is a veteran, as
8 defined in section 27-103, who was a member of the armed forces in
9 service in time of war, (B) any resident of this state who was a citizen of
10 the United States at the time of his enlistment and who was in the
11 military or naval service of a government allied or associated with that
12 of the United States during the Second World War and received an
13 honorable discharge therefrom, (C) any resident of this state who served
14 during the Second World War as a member of any armed force of any

15 government signatory to the United Nations Declaration of January 1,
16 1942, and participated in armed conflict with an enemy of the United
17 States and who has been a citizen of the United States for at least ten
18 years and presents satisfactory evidence of such service, (D) any
19 resident of this state who served as a member of the crew of a merchant
20 vessel during the Second World War and is qualified with respect to
21 such service as a member of the group known as the "American
22 Merchant Marine in ocean-going service during the period of armed
23 conflict, December 7, 1941, to August 15, 1945", members of which are
24 deemed to be eligible for certain veterans benefits under a
25 determination in the United States Department of Defense, as recorded
26 in the Federal Register of February 1, 1988, provided such resident has
27 received an armed forces discharge certificate from the Department of
28 Defense on the basis of such service, (E) any member of the armed forces
29 who was in service in time of war and is still in the service and by reason
30 of continuous service has not as yet received a discharge, (F) any person
31 who is retired from the armed forces after thirty years of service because
32 he has reached the age limit prescribed by law or because he suffers
33 from mental or physical disability, or (G) any person who is serving in
34 the armed services in time of war; or lacking said amount of property in
35 his own name, so much of the property belonging to, or held in trust for,
36 his spouse, who is domiciled with him, as is necessary to equal said
37 amount. For the purposes of this subdivision, "veteran", "armed forces"
38 and "service in time of war" have the same meanings as provided in
39 section 27-103;

40 (20) (A) Subject to the provisions hereinafter stated, property not
41 exceeding three thousand five hundred fifty-three dollars in amount
42 shall be exempt from taxation, which property belongs to, or is held in
43 trust for, any resident of this state who has served, or is serving, in the
44 Army, Navy, Marine Corps, Coast Guard or Air Force of the United
45 States and [(1)] (i) has a disability rating by the United States
46 Department of Veterans Affairs amounting to ten per cent or more of
47 total disability, provided such exemption shall be two thousand thirty
48 dollars in any case in which such rating is between ten per cent and
49 twenty-five per cent; two thousand five hundred thirty-eight dollars in

50 any case in which such rating is more than twenty-five per cent but not
51 more than fifty per cent; three thousand forty-five dollars in any case in
52 which such rating is more than fifty per cent but not more than seventy-
53 five per cent; and, except as provided in subparagraph (B) of this
54 subdivision, three thousand five hundred fifty-three dollars in any case
55 in which such person has attained sixty-five years of age or such rating
56 is more than seventy-five per cent; or [(2)] (ii) is receiving a pension,
57 annuity or compensation from the United States because of the loss in
58 service of a leg or arm or that which is considered by the rules of the
59 United States Pension Office or the Bureau of War Risk Insurance the
60 equivalent of such loss.

61 (B) (i) The dwelling house, and the lot whereupon the same is erected,
62 belonging to or held in trust for any resident of this state who has served
63 in the Army, Navy, Marine Corps, Coast Guard or Air Force of the
64 United States and has a disability rating by the United States
65 Department of Veterans Affairs amounting to one hundred per cent of
66 total disability, occupied as such resident's domicile, or (ii) up to two
67 motor vehicles belonging to, leased to or held in trust for any such
68 resident, shall be exempt from local property taxation.

69 (C) If such veteran lacks such amount of property in his or her name,
70 so much of the property belonging to, or held in trust for, his or her
71 spouse, who is domiciled with him or her, as is necessary to equal such
72 amount shall also be so exempt. When any veteran entitled to an
73 exemption under the provisions of this section has died, property
74 belonging to, or held in trust for, his or her surviving spouse, while such
75 spouse remains a widow or widower, or belonging to or held in trust
76 for his or her minor children during their minority, or both, while they
77 are residents of this state, shall be exempt in the same aggregate amount
78 as that to which the disabled veteran was or would have been entitled
79 at the time of his or her death. No individual entitled to exemption
80 under this subdivision and under one or more of subdivisions (19), (22),
81 (23), (25) and (26) of this section shall receive more than one exemption.
82 No individual shall receive any exemption to which he or she is entitled
83 under this subdivision until he or she has complied with section 12-95

84 and has submitted proof of his or her disability rating, as determined by
85 the United States Department of Veterans Affairs, to the assessor of the
86 town in which the exemption is sought. If there is no change to an
87 individual's disability rating, such proof shall not be required for any
88 assessment year following that for which the exemption under this
89 subdivision is granted initially. If the United States Department of
90 Veterans Affairs modifies a veteran's disability rating, such
91 modification shall be deemed a waiver of the right to such exemption
92 until proof of disability rating is submitted to the assessor and the right
93 to such exemption is established as required initially. Any person who
94 has been unable to submit evidence of disability rating in the manner
95 required by this subdivision, or who has failed to submit such evidence
96 as provided in section 12-95, may, when he or she obtains such evidence,
97 make application to the collector of taxes within one year after he or she
98 obtains such proof or within one year after the expiration of the time
99 limited in section 12-95, as the case may be, for abatement in case the tax
100 has not been paid, or for refund in case the whole tax has been paid, of
101 such part or the whole of such tax as represents the service exemption.
102 Such abatement or refund may be granted retroactively to include the
103 assessment day next succeeding the date as of which such person was
104 entitled to such disability rating as determined by the United States
105 Department of Veterans Affairs, but in no case shall any abatement or
106 refund be made for a period greater than three years. The collector shall,
107 after examination of such application, refer the same, with his
108 recommendations thereon, to the board of selectmen of a town or to the
109 corresponding authority of any other municipality, and shall certify to
110 the amount of abatement or refund to which the applicant is entitled.
111 Upon receipt of such application and certification, the selectmen or
112 other duly constituted authority shall, in case the tax has not been paid,
113 issue a certificate of abatement or, in case the whole tax has been paid,
114 draw an order upon the treasurer in favor of such applicant for the
115 amount without interest which represents the service exemption. Any
116 action so taken by such selectmen or other authority shall be a matter of
117 record and the tax collector shall be notified in writing of such action;

118 (21) (A) [The] Except as provided in subparagraph (B) of subdivision

119 (20) of this section, the dwelling house, and the lot whereupon the same
120 is erected, belonging to or held in trust for any person who is a citizen
121 and resident of this state, occupied as such person's domicile, shall be
122 exempt from local property taxation to the extent of ten thousand one
123 hundred fifty dollars of its assessed valuation or, lacking said amount
124 in property in such person's own name, so much of the property
125 belonging to, or held in trust for, such person's spouse, who is domiciled
126 with such person, as is necessary to equal said amount, if such person is
127 a veteran who served in the Army, Navy, Marine Corps, Coast Guard
128 or Air Force of the United States and has been declared by the United
129 States Department of Veterans Affairs or its successors to have a service-
130 connected disability from paraplegia or osteochondritis resulting in
131 permanent loss of the use of both legs or permanent paralysis of both
132 legs and lower parts of the body; or from hemiplegia and has permanent
133 paralysis of one leg and one arm or either side of the body resulting from
134 injury to the spinal cord, skeletal structure or brain or from disease of
135 the spinal cord not resulting from any form of syphilis; or from total
136 blindness as defined in section 12-92; or from the amputation of both
137 arms, both legs, both hands or both feet, or the combination of a hand
138 and a foot; sustained through enemy action, or resulting from accident
139 occurring or disease contracted in such active service. Nothing in this
140 subdivision shall be construed to include paraplegia or hemiplegia
141 resulting from locomotor ataxia or other forms of syphilis of the central
142 nervous system, or from chronic alcoholism, or to include other forms
143 of disease resulting from the veteran's own misconduct which may
144 produce signs and symptoms similar to those resulting from paraplegia,
145 osteochondritis or hemiplegia. The loss of the use of one arm or one leg
146 because of service related injuries specified in this subdivision shall
147 qualify a veteran for a property tax exemption in the same manner as
148 hereinabove, provided such exemption shall be for five thousand
149 seventy-five dollars;

150 (B) The exemption provided for in this subdivision shall be in
151 addition to any other exemption of such person's real and personal
152 property allowed by law, but no taxpayer shall be allowed more than
153 one exemption under this subdivision. No person shall be entitled to

154 receive any exemption under this subdivision until such person has
155 satisfied the requirements of subdivision (20) of this section, except as
156 provided in subparagraph (B) of said subdivision. The surviving spouse
157 of any such person who at the time of such person's death was entitled
158 to and had the exemption provided under this subdivision shall be
159 entitled to the same exemption, (i) while such spouse remains a widow
160 or widower, or (ii) upon the termination of any subsequent marriage of
161 such spouse by dissolution, annulment or death and while a resident of
162 this state, for the time that such person is the legal owner of and actually
163 occupies a dwelling house and premises intended to be exempted
164 hereunder. When the property which is the subject of the claim for
165 exemption provided for in this subdivision is greater than a single
166 family house, the assessor shall aggregate the assessment on the lot and
167 building and allow an exemption of that percentage of the aggregate
168 assessment which the value of the portion of the building occupied by
169 the claimant bears to the value of the entire building;

170 (C) Subject to the approval of the legislative body of the municipality,
171 the dwelling house and the lot whereupon the same is erected,
172 belonging to or held in trust for any citizen and resident of this state,
173 occupied as such person's domicile shall be [fully] exempt from local
174 property taxation, if such person is a veteran who served in the Army,
175 Navy, Marine Corps, Coast Guard or Air Force of the United States and
176 has received financial assistance for specially adapted housing under
177 the provisions of Section 801 of Title 38 of the United States Code, as
178 amended from time to time, and has applied such assistance toward the
179 acquisition or modification of such dwelling house. The same
180 exemption may also be allowed on such housing units owned by the
181 surviving spouse of such veteran (i) while such spouse remains a widow
182 or widower, or (ii) upon the termination of any subsequent marriage of
183 such spouse by dissolution, annulment or death, or by such veteran and
184 spouse while occupying such premises as a residence;

185 (22) Subject to the provisions of sections 12-89, 12-90 and 12-95,
186 property to the amount of one thousand fifteen dollars belonging to, or
187 held in trust for, any surviving spouse while such person remains a

188 widow or widower, or a minor child or both, residing in this state, of
189 one who has served in the Army, Navy, Marine Corps, Coast Guard or
190 Air Force of the United States, or any citizen of the United States who
191 served in the military or naval service of a government allied or
192 associated with the United States, as provided by subdivision (19) of this
193 section, and who has died either during his or her term of service or after
194 becoming a veteran, as defined in section 27-103, provided such amount
195 shall be three thousand forty-five dollars if death was due to service and
196 occurred while on active duty;

197 (23) Subject to the provisions of sections 12-89, 12-90 and 12-95,
198 property to the amount of one thousand fifteen dollars belonging to, or
199 held in trust for, any surviving spouse, while such spouse remains a
200 widow or widower, resident of this state, of one who has served in the
201 Army, Navy, Marine Corps, Coast Guard or Air Force of the United
202 States, which surviving spouse is receiving or has received a pension,
203 annuity or compensation from the United States;

204 (24) The exemption from taxation granted by subdivision (22) of this
205 section, to the amount of three thousand forty-five dollars allowable to
206 the widow or widower or minor child or both of a veteran whose death
207 was due to service and occurred on active duty shall be granted to any
208 widow or widower drawing compensation from the United States
209 Department of Veterans Affairs, upon verification of such fact by letter
210 from said department;

211 (25) Subject to the provisions of sections 12-89, 12-90 and 12-95,
212 property to the amount of one thousand fifteen dollars belonging to, or
213 held in trust for, a sole surviving parent, while such parent remains a
214 widow or widower, resident of this state, of one who has left no widow
215 or widower, or whose widow or widower has remarried or died, and
216 who has served in the Army, Navy, Marine Corps, Coast Guard or Air
217 Force of the United States as provided by subdivision (19) of this section
218 and has died during his or her term of service or after becoming a
219 veteran, as defined in section 27-103, provided property belonging to,
220 or held in trust for, such parent of more than one serviceman or

221 servicewoman who has left no widow or widower, or whose widow or
222 widower has remarried or died, and who has served in the Army, Navy,
223 Marine Corps, Coast Guard or Air Force of the United States as
224 provided in subdivision (19) of this section and has died during his or
225 her term of service shall be subject to an exemption of one thousand
226 fifteen dollars for each such serviceman or servicewoman;

227 (26) Subject to the provisions of sections 12-89, 12-90 and 12-95,
228 property to the amount of one thousand fifteen dollars belonging to, or
229 held in trust for, any father or mother, resident of this state, of one who
230 served in the Army, Navy, Marine Corps, Coast Guard or Air Force of
231 the United States as long as such father or mother receives, or has
232 received, a pension, annuity or compensation from the United States; or
233 if such parent lacks said amount of property in his own name, so much
234 of the property belonging to, or held in trust for, his spouse, who is
235 domiciled with him, as is necessary to equal said amount;

236 Sec. 2. Subsections (a) to (c), inclusive, of section 12-81f of the general
237 statutes are repealed and the following is substituted in lieu thereof
238 (*Effective October 1, 2023, and applicable to assessment years commencing on*
239 *or after October 1, 2023*):

240 (a) Any municipality, upon approval by its legislative body, may
241 provide that any veteran entitled to an exemption from property tax in
242 accordance with subdivision (19) of section 12-81, as amended by this
243 act, shall be entitled to an additional exemption, provided such veteran's
244 qualifying income does not exceed (1) the applicable maximum amount
245 as provided under section 12-81l, or (2) an amount established by the
246 municipality, provided such amount shall not be less than the applicable
247 maximum amount under section 12-81l. The exemption provided for
248 under this subsection shall be applied to the assessed value of an eligible
249 veteran's property and, at the option of the municipality, may be in an
250 amount up to [twenty] thirty thousand dollars or in an amount up to ten
251 per cent of such assessed value.

252 (b) Any municipality, upon approval by its legislative body, may
253 provide that any veteran entitled to an exemption from property tax in

254 accordance with subdivision (20) of section 12-81, as amended by this
255 act, except as provided in subparagraph (B) of said subdivision, shall be
256 entitled to an additional exemption, provided such veteran's qualifying
257 income does not exceed (1) the applicable maximum amount as
258 provided under section 12-81l, or (2) an amount established by the
259 municipality, provided such amount shall not be less than the applicable
260 maximum amount under section 12-81l. The exemption provided for
261 under this subsection shall be applied to the assessed value of an eligible
262 veteran's property and shall be in an amount not less than [three] four
263 thousand five hundred dollars of such assessed value.

264 (c) Any municipality, upon approval by its legislative body, may
265 provide that any veteran's surviving spouse entitled to an exemption
266 from property tax in accordance with subdivision (22) of section 12-81,
267 as amended by this act, shall be entitled to an additional exemption,
268 provided such surviving spouse's qualifying income does not exceed (1)
269 the maximum amount applicable to an unmarried person as provided
270 under section 12-81l, or (2) an amount established by the municipality,
271 provided such amount shall not be less than the applicable maximum
272 amount under section 12-81l. The exemption provided for under this
273 subsection shall be applied to the assessed value of an eligible surviving
274 spouse's property and, at the municipality's option, may be in an
275 amount up to [twenty] thirty thousand dollars or in an amount up to ten
276 per cent of such assessed value.

277 Sec. 3. Section 12-81g of the general statutes is repealed and the
278 following is substituted in lieu thereof (*Effective October 1, 2023, and*
279 *applicable to assessment years commencing on or after October 1, 2023*):

280 (a) (1) Effective for the assessment year commencing October 1, 1985,
281 and each assessment year thereafter until September 30, 2023, any
282 person entitled to an exemption from property tax in accordance with
283 subdivision (19), (20), (21), (22), (23), (24), (25) or (26) of section 12-81, as
284 amended by this act, reflecting any increase made pursuant to the
285 provisions of section 12-62g, shall be entitled to an additional exemption
286 from such tax in an amount equal to twice the amount of the exemption

287 provided for such person pursuant to any such subdivision, provided
288 such person's qualifying income does not exceed the applicable
289 maximum amount as provided under section 12-81l, except that if such
290 person has a disability rating of one hundred per cent as determined by
291 the United States Department of Veterans Affairs, the total of such
292 adjusted gross income, individually, if unmarried, or jointly, if married,
293 in the calendar year ending immediately preceding the assessment date
294 with respect to which such additional exemption is allowed, is not more
295 than twenty-one thousand dollars if such person is married or not more
296 than eighteen thousand dollars if such person is not married.

297 (2) Effective for the assessment year commencing October 1, 2023,
298 and each assessment year thereafter, any person entitled to an
299 exemption from property tax in accordance with subdivision (19), (21),
300 (22), (23), (24), (25) or (26) or subparagraph (A) of subdivision (20) of
301 section 12-81, as amended by this act, reflecting any increase made
302 pursuant to the provisions of section 12-62g, shall be entitled to an
303 additional exemption from such tax in an amount equal to twice the
304 amount of the exemption provided for such person pursuant to any
305 such subdivision or subparagraph, provided such person's qualifying
306 income does not exceed the applicable maximum amount as provided
307 under section 12-81l.

308 [(b) (1) Effective for the assessment year commencing October 1, 2022,
309 and each assessment year thereafter, any municipality may, upon
310 approval by its legislative body or, in any town in which the legislative
311 body is a town meeting, by the board of selectmen, provide that, in lieu
312 of the additional exemption prescribed under subsection (a) of this
313 section, any person entitled to an exemption from property tax in
314 accordance with subdivision (20) of section 12-81, reflecting any increase
315 made pursuant to the provisions of section 12-62g, who has a disability
316 rating of one hundred per cent, as determined by the United States
317 Department of Veterans Affairs, shall be entitled to an additional
318 exemption from such tax in an amount equal to three times the amount
319 of the exemption provided for such person pursuant to subdivision (20)
320 of section 12-81, provided such person's total adjusted gross income as

321 determined for purposes of the federal income tax, excluding veterans'
322 disability payments, individually if unmarried, or jointly with spouse if
323 married, during the calendar year ending immediately preceding the
324 filing of a claim for any such exemption, is not more than twenty-four
325 thousand dollars if such person is married or not more than twenty-one
326 thousand dollars if such person is not married.

327 (2) The provisions of this subsection shall not limit the applicability
328 of the provisions of subsection (a) of this section for persons not eligible
329 for the property tax exemption provided by this subsection.]

330 [(c)] (b) Any claimant who, for purposes of obtaining an exemption
331 under this section, wilfully fails to disclose all matters related thereto or
332 with intent to defraud makes any false statement shall forfeit the right
333 to claim such additional veteran's exemption.

334 [(d)] (c) (1) Effective for the assessment year commencing October 1,
335 1986, and each assessment year thereafter until September 30, 2023, any
336 person entitled to an exemption from property tax in accordance with
337 subdivision (19), (20), (21), (22), (23), (24), (25) or (26) of section 12-81, as
338 amended by this act, reflecting any increase made pursuant to the
339 provisions of section 12-62g, and who is not receiving or is not eligible
340 to receive the additional exemption under subdivision (1) of subsection
341 (a) [or (b)] of this section, shall be entitled to an additional exemption
342 from such tax in an amount equal to one-half of the amount of the
343 exemption provided for such person pursuant to any such subdivision.

344 (2) Effective for the assessment year commencing October 1, 2023,
345 and each assessment year thereafter, any person entitled to an
346 exemption from property tax in accordance with subdivision (19), (21),
347 (22), (23), (24), (25) or (26) or subparagraph (A) of subdivision (20) of
348 section 12-81, as amended by this act, reflecting any increase made
349 pursuant to the provisions of section 12-62g, and who is not receiving or
350 is not eligible to receive the additional exemption under subdivision (2)
351 of subsection (a) of this section, shall be entitled to an additional
352 exemption from such tax in an amount equal to one-half of the amount
353 of the exemption provided for such person pursuant to any such

354 subdivision or subparagraph.

355 [(e)] (d) The state shall reimburse each town, city, borough,
356 consolidated town and city and consolidated town and borough by the
357 last day of each calendar year in which exemptions were granted to the
358 extent of the revenue loss represented by the additional [exemptions]
359 exemption provided for in [subsections (a) and (b)] subsection (a) of this
360 section. The Secretary of the Office of Policy and Management shall
361 review each claim for such revenue loss as provided in section 12-120b.
362 Any claimant aggrieved by the results of the secretary's review shall
363 have the rights of appeal as set forth in section 12-120b. In the fiscal year
364 commencing July 1, 2003, and in each fiscal year thereafter, the amount
365 payable to each municipality in accordance with this section shall be
366 reduced proportionately in the event that the total amount payable to
367 all municipalities exceeds the amount appropriated.

368 [(f)] (e) Any person who has submitted application and been
369 approved in any year for the additional exemption under subsection (a)
370 [or (b)] of this section shall, in the year immediately following approval,
371 be presumed to be qualified for such exemption. If, in the year
372 immediately following approval, such person has qualifying income in
373 excess of the maximum allowed under subsection (a) [or (b)] of this
374 section, such person shall notify the tax assessor in the town allowing
375 the additional exemption on or before the next filing date for such
376 exemption and shall be denied such exemption for the assessment year
377 immediately following and for any subsequent year until such person
378 has reapplied and again qualified for such exemption. Any person who
379 fails to notify the tax assessor of such disqualification shall make
380 payment to the town in the amount of property tax loss related to the
381 exemption improperly taken. Not more than thirty days after
382 discovering such person's ineligibility for the exemption, the assessor
383 shall send written notification of such person's identity to the Secretary
384 of the Office of Policy and Management. If any payment was remitted
385 under subsection [(e)] (d) of this section with respect to a period for
386 which such person was not eligible for the exemption, the amount of the
387 next payment made to the town shall be reduced by the amount of

388 payment made erroneously.

389 [(g)] (f) The Secretary of the Office of Policy and Management shall
390 adopt regulations, in accordance with the provisions of chapter 54,
391 establishing: (1) A procedure under which a municipality shall
392 determine eligibility for any additional exemptions under subsections
393 (a) [, (b)] and [(d)] (c) of this section, provided such procedure shall
394 include a provision that when an applicant has filed for either of such
395 exemptions and received approval for the first time, such applicant shall
396 be required to file for such exemption biennially thereafter, subject to
397 the provisions of subsection [(f)] (e) of this section; (2) the manner in
398 which a municipality shall apply for reimbursement from the state for
399 the revenue loss represented by the additional exemptions provided for
400 in [subsections (a) and (b)] subsection (a) of this section, which shall
401 provide a penalty for late filing of such application for reimbursement
402 of two hundred fifty dollars, but shall also provide that the secretary
403 may waive such forfeiture in accordance with procedures and standards
404 contained in such regulations; and (3) the manner in which the Office of
405 Policy and Management may audit and make adjustments to
406 applications for reimbursement from municipalities for a period of not
407 more than one year next succeeding the deadline for such application.

408 Sec. 4. Section 12-81h of the general statutes is repealed and the
409 following is substituted in lieu thereof (*Effective October 1, 2023, and*
410 *applicable to assessment years commencing on or after October 1, 2023*):

411 Any municipality, upon approval by its legislative body, may allow
412 an exemption from property tax to be determined as a uniform
413 percentage of the assessed value of any one motor vehicle owned by any
414 veteran with a condition of disability enabling such veteran to qualify
415 for the exemption from property tax currently allowed under
416 subparagraph (A) of subdivision (20) or subdivision (21) of section 12-
417 81, as amended by this act, provided such motor vehicle [must be] is
418 specially equipped for purposes of adapting its use to the disability of
419 such veteran.

420 Sec. 5. Subsection (a) of section 12-81jj of the general statutes is

421 repealed and the following is substituted in lieu thereof (*Effective October*
422 *1, 2023, and applicable to assessment years commencing on or after October 1,*
423 *2023*):

424 (a) Any municipality, upon approval by its legislative body, may
425 provide that any veteran, as defined in subsection (a) of section 27-103,
426 which veteran is a resident of such municipality and ineligible for an
427 exemption from property tax under subdivisions (19) to (21), inclusive,
428 of section 12-81, as amended by this act, shall be entitled to an exemption
429 from property tax, provided such veteran's qualifying income does not
430 exceed (1) the applicable maximum amount as provided under section
431 12-81*l*, or (2) an amount established by the municipality, provided such
432 amount shall not be less than the applicable maximum amount under
433 section 12-81*l*. The exemption provided for under this section shall be
434 applied to the assessed value of any such veteran's property and, at the
435 municipality's option, may be in an amount up to [five] seven thousand
436 five hundred dollars or in an amount up to five per cent of such assessed
437 value.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2023, and applicable to assessment years commencing on or after October 1, 2023</i>	12-81(19) to (26)
Sec. 2	<i>October 1, 2023, and applicable to assessment years commencing on or after October 1, 2023</i>	12-81f(a) to (c)
Sec. 3	<i>October 1, 2023, and applicable to assessment years commencing on or after October 1, 2023</i>	12-81g
Sec. 4	<i>October 1, 2023, and applicable to assessment years commencing on or after October 1, 2023</i>	12-81h

Sec. 5	<i>October 1, 2023, and applicable to assessment years commencing on or after October 1, 2023</i>	12-81jj(a)
--------	---	------------

Statement of Legislative Commissioners:

In Section 1, "fully" was deleted in Subdiv. (20)(B), and "fully" was changed to "[fully]" in Subdiv. (21)(C), for consistency; and in Section 3, Subsecs. (d) to (f), inclusive, were added to conform to the changes being made in Subsecs. (a) to (c), inclusive.

VA *Joint Favorable Subst. C/R*

APP

APP *Joint Favorable Subst.-LCO*

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 24 \$	FY 25 \$
Policy & Mgmt., Off.	GF - Cost	None	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 24 \$	FY 25 \$
All Municipalities	STATE MANDATE ¹ - Grand List Reduction	None	Significant

Explanation

The bill increases the veterans' property tax exemptions that municipalities must give eligible residents. The bill (1) increases the basic exemption amount by 1.5%, (2) increases the income-based exemptions which are based on the basic exemption amount, (3) fully exempts certain real or motor vehicle property for veterans with a disability rating of 100%, and (4) increases the additional exemption that municipalities may provide to certain veterans who do not qualify for other exemptions. This results in a significant grand list reduction for municipalities beginning in FY 25. A grand list reduction results in a revenue loss to municipalities given a constant mill rate. The bill also results in a cost to the Office of Policy and Management (OPM) for an anticipated increase in the state-reimbursed exemption beginning in FY 25.

¹ State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

Section 1 increases the basic veterans' exemption and consequently the income-based additional exemption, and fully exempts certain property for 100% disabled service members. The increase to these exemptions will result in a revenue loss given a constant mill rate, beginning in FY 25. The extent of a town's revenue loss will vary by town and be dependent on the exemption amounts as well as the number of eligible veterans.

The revenue loss from the full exemption to certain property for 100% disabled service members is anticipated to be significant in the aggregate. If the full property tax exemption for 100% disabled service members had been in place for FY 21, it would have resulted in an estimated total revenue loss among towns of up to \$33.9 million.

Current base amounts and income-based exemptions vary by town and are dependent on each municipality's revaluation. In FY 23, base amounts ranged from \$1,000 to \$8,000. The income-based additional exemption is twice the amount of the base exemption (unchanged by the bill).

This section also results in a cost to OPM beginning in FY 25 as the income-based additional exemption, which rises under the bill, is state-reimbursed. The amount will vary depending on the basic exemption amount. In FY 23, the total cost to the state for this exemption was approximately \$1.9 million while the appropriation was an estimated \$2.7 million.

Section 2 increases the maximum additional optional exemption that municipalities may provide to certain veterans or their surviving spouses who meet income limits. The extent of the associated revenue loss to towns, beginning in FY 25, will be dependent on each municipality's vote to increase the exemption amount and the number of qualifying service members or surviving spouses.

Sections 3 and 4 make technical and conforming changes that do not result in a fiscal impact to the state or municipalities.

Section 5 increases another additional optional exemption, from \$5,000 to \$7,500 (or 5% of assessed value) that municipalities may provide to certain individuals who do not qualify for most other exemptions. The extent of the associated town revenue loss will be dependent on each municipality's vote to increase the exemption amount and the number of qualifying service members.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to revaluation and the number of qualifying service members.

OLR Bill Analysis**sSB 1128*****AN ACT CONCERNING CERTAIN PROPERTY TAX EXEMPTIONS FOR VETERANS.*****SUMMARY**

This bill increases by 1.5% the property tax exemption amounts set in statute (referred to as “basic exemptions”) that municipalities must give eligible members of the armed forces, veterans and, in some cases, their surviving spouses, minor children, or parents. In doing so, it also increases the additional, income-based exemptions for these recipients, the amounts of which are based on the basic exemption amounts.

For service members with a U.S. Department of Veterans Affairs (DVA) disability rating of 100%, the bill fully exempts (1) an owner-occupied home and its lot or (2) two motor vehicles. Current law gives these service members a basic exemption of at least \$3,500, plus an additional income-based exemption.

The bill also (1) increases the exemption amounts that municipalities may give to certain individuals who qualify for the basic exemptions and to veterans who do not qualify for other exemptions, and (2) makes conforming changes.

EFFECTIVE DATE: October 1, 2023, and applicable to assessment years beginning on or after that date.

MANDATORY PROPERTY TAX EXEMPTIONS***Basic Exemptions***

By law, municipalities must give certain eligible service members, veterans, and in some cases their families, property tax exemptions (i.e., a reduction in a property’s assessed value on which taxes are owed,

which are not credits against the total amount owed). Generally, these exemptions are composed of two parts: (1) a basic exemption based on a dollar amount specified in statute and (2) an income-based exemption equal to either 50% or 200% of the basic exemption, depending on whether the recipient’s income exceeds a statutorily set threshold. The basic exemption amounts in statute are the minimum amounts municipalities must provide. Under existing law and the bill, municipalities must increase these amounts if a revaluation results in a grand list increase of a certain amount (CGS § 12-62g).

For each basic exemption, the table below broadly describes its eligibility requirements and compares its amount under current law and the bill.

Table: Mandatory Basic Exemptions

Bill §	Overview of Eligibility Requirements	Exemption Amount	
		Current Law	Bill
1(19)	Veteran or active service member with wartime service and 30-year retirees from the armed forces ¹	\$1,000	\$1,015
1(20)	Current or former service member with a U.S. DVA rating of ¹ : <div style="text-align: right; margin-right: 20px;"> 10% to 25% More than 25% to 50% More than 50% to 75% More than 75% but less than 100% At least 10% and ages 65 or older 100% </div>	\$2,000 \$2,500 \$3,000 \$3,500 \$3,500 \$3,500 (see below)	\$2,030 \$2,538 \$3,045 \$3,553 \$3,553 Full exemption for house and lot or two vehicles (see below)
1(20)	Current or former service member receiving U.S. pension, annuity, or other compensation due to loss in service of a leg, arm, or an equivalent loss ¹	Up to \$3,500	Up to \$3,553
1(21)	Veteran with a severe service-connected disability (e.g., amputation of both arms,	\$10,000	\$10,150

Bill §	Overview of Eligibility Requirements	Exemption Amount	
		Current Law	Bill
	legs, hands, or feet) ¹		
1(21)	Veteran with a service-related injury resulting in loss of one arm or one leg ¹	\$5,000	\$5,075
1(22)	Unmarried surviving spouse or minor child of deceased service member or veteran	\$1,000	\$1,015
1(22)	Unmarried surviving spouse or minor child of service member whose death was due to, and occurred during, active duty service	\$3,000	\$3,045
1(23)	Unmarried surviving spouse of service member if the spouse receives or received a U.S. pension, compensation, or annuity	\$1,000	\$1,015
1(24)	Surviving spouse or minor child who receives compensation from the U.S. DVA and whose service member-spouse or -parent's death was due to, and occurred during, active duty service	\$3,000	\$3,045
1(25)	Sole surviving parent of an unmarried deceased veteran or service member who served during a period of war	\$1,000	\$1,015
1(26)	Service member or veteran's parent who receives or received a U.S. pension, annuity, or other compensation ¹	\$1,000	\$1,015

¹If the qualifying individual does not have enough property to use the full exemption amount, the exemption may apply to his or her spouse's property if they live together.

Exemption for a 100% Disability Rating

Current law gives current and former service members who have a U.S. DVA disability rating of 100% a basic exemption of \$3,500 (increased after certain revaluations), plus an additional income-based exemption equal to (1) one-half the basic exemption if the service member's income is above \$18,000 (\$21,000 if married) or (2) twice the basic exemption if his or her income is below the threshold. The bill instead fully exempts for these service members, regardless of their income, either (1) a dwelling, and lot, they own and live in or (2) up to two motor vehicles they own or lease, including either property type held for the service member in a trust.

The bill changes this property tax exemption from a set dollar amount (the basic and income-based exemptions) to a property-based

exemption (a house or cars). It is unclear how this exemption will apply to related laws on the transferability of a service member’s exemption (e.g., to a spouse, surviving spouse, or minor child), as existing law appears to contemplate transferring an exemption for a set dollar amount.

The bill also makes a conforming change, eliminating the municipal option to give an increased income-based exemption (equal to three times the basic exemption) to those with a 100% disability rating.

MUNICIPAL OPTION PROPERTY TAX EXEMPTIONS

The law allows municipalities, upon approval of their legislative bodies, to increase exemption amounts for certain people who qualify for the basic exemptions, and to give an exemption to veterans who do not qualify for other exemptions (e.g., do not have a qualifying period of wartime service or disability). For each of these exemptions, the table below shows a brief description of its eligibility requirements and compares its amount under current law and the bill.

Table: Municipal Option Exemptions

<i>Bill §</i>	<i>Overview of Eligibility Requirements</i>	<i>Exemption Amount</i>	
		<i>Current Law</i>	<i>Bill</i>
2(a)	Additional amount for wartime veterans or active service members and 30-year retirees (who qualify under § 1(19) above) whose incomes are below a set threshold	Up to \$20,000 or up to 10% of the property’s assessed value ¹	Up to \$30,000 or up to 10% of the property’s assessed value ¹
2(b)	Additional amount for service members with a disability rating of at least 10% (who qualify under § 1(20) above) and incomes below a set threshold	At least \$3,000 ¹	At least \$4,500 ¹
2l	Additional amount for surviving spouses (who qualify under § 1(22) above) with incomes below a set threshold	Up to \$20,000 or up to 10% of the property’s assessed	Up to \$30,000 or up to 10% of the property’s assessed

Bill §	Overview of Eligibility Requirements	Exemption Amount	
		Current Law	Bill
		value ¹	value ¹
5	An exemption for veterans who are ineligible for the other exemptions and have incomes below a set threshold	Up to \$5,000 or up to 5% of the property's assessed value	Up to \$7,500 or up to 5% of the property's assessed value

¹By law, the municipality must increase the exemption amount if a revaluation results in a grand list increase of a certain amount (CGS § 12-62g).

BACKGROUND

Related Bills

HB 6004 (File 225), favorably reported by the Veterans’ and Military Affairs Committee, eliminates the requirement that a veteran have wartime service to be eligible for certain state benefits (including the basic property tax exemption). In doing so, it expands eligibility for these benefits to all otherwise qualifying veterans.

sHB 5510 (File 20), favorably reported by the Veterans’ and Military Affairs Committee, expands the general definitions of “armed forces” and “members of armed forces” under state law to include the U.S. Space Force (USSF). In doing so, it makes USSF members eligible for certain state benefits, including certain property tax exemptions.

COMMITTEE ACTION

Veterans' and Military Affairs Committee

Joint Favorable Substitute Change of Reference - APP
 Yea 20 Nay 0 (03/07/2023)

Appropriations Committee

Joint Favorable
 Yea 52 Nay 0 (04/20/2023)