



House of Representatives

General Assembly

File No. 561

February Session, 2024

Substitute House Bill No. 5491

House of Representatives, April 18, 2024

The Committee on Finance, Revenue and Bonding reported through REP. HORN of the 64th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT ESTABLISHING A PROPERTY TAX EXEMPTION FOR VETERANS WHO HAVE A SERVICE-CONNECTED PERMANENT AND TOTAL DISABILITY RATING.

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

1 Section 1. Section 12-81 of the 2024 supplement to the general statutes
2 is amended by adding subdivision (83) as follows (*Effective October 1,*
3 *2024, and applicable to assessment years commencing on or after October 1,*
4 *2024*):

5 (NEW) (83) (A) (i) A dwelling, including a condominium, as defined
6 in section 47-68a, and a unit in a common interest community, as
7 defined in section 47-202, that is (I) owned by any resident of this state
8 who has served in the Army, Navy, Marine Corps, Coast Guard, Air
9 Force or Space Force of the United States and has a service-connected
10 permanent and total disability rating as determined by the United States
11 Department of Veterans Affairs, and (II) occupied by such resident as
12 the resident's primary residence, or (ii) lacking such residence, one

13 motor vehicle owned by such resident and garaged in this state.

14 (B) If such resident lacks such dwelling or motor vehicle in such
15 resident's name, the dwelling or motor vehicle, as applicable, belonging
16 to or held in trust for such resident's spouse, who is domiciled with such
17 resident, shall be so exempt. When any resident entitled to an exemption
18 under the provisions of this subdivision has died, the dwelling or motor
19 vehicle, as applicable, belonging to or held in trust for such deceased
20 resident's surviving spouse, while such spouse remains a widow or
21 widower, or held in trust for such deceased resident's minor children
22 during their minority, or both, while they are residents of this state, shall
23 be so exempt as that to which such resident was or would have been
24 entitled at the time of such resident's death.

25 (C) No individual entitled to the exemption under this subdivision
26 and under one or more of subdivisions (19), (22), (23), (25) and (26) of
27 this section shall receive more than one exemption.

28 (D) (i) No individual shall receive any exemption to which such
29 individual is entitled under this subdivision until such individual has
30 complied with section 12-95, as amended by this act, and has submitted
31 proof of such individual's disability rating, as determined by the United
32 States Department of Veterans Affairs, to the assessor of the town in
33 which the exemption is sought. If there is no change to an individual's
34 disability rating, such proof shall not be required for any assessment
35 year following that for which the exemption under this subdivision is
36 granted initially. If the United States Department of Veterans Affairs
37 modifies an individual's disability rating to other than service-
38 connected permanent and total disability, such modification shall be
39 deemed a waiver of the right to the exemption under this subdivision.
40 Any such individual whose disability rating was modified to other than
41 service-connected permanent and total disability may seek the
42 exemption under subdivision (20) of this section.

43 (ii) Any individual who has been unable to submit evidence of
44 disability rating in the manner required by this subdivision, or who has
45 failed to submit such evidence as provided in section 12-95, as amended

46 by this act, may, when such individual obtains such evidence, make
47 application to the tax collector not later than one year after such
48 individual obtains such proof or not later than one year after the
49 expiration of the time limited in section 12-95, as amended by this act,
50 as the case may be, for abatement in case the tax has not been paid, or
51 for refund in case the whole tax or part of the tax has been paid. Such
52 abatement or refund may be granted retroactively to include the
53 assessment day next succeeding the date as of which such individual
54 was entitled to such disability rating as determined by the United States
55 Department of Veterans Affairs, but in no case shall any abatement or
56 refund be made for a period greater than three years.

57 (iii) The tax collector shall, after examination of such application, refer
58 the same, with the tax collector's recommendations thereon, to the board
59 of selectmen of a town or to the corresponding authority of any other
60 municipality, and shall certify to the amount of abatement or refund to
61 which the applicant is entitled. Upon receipt of such application and
62 certification, the selectmen or other duly constituted authority shall, in
63 case the tax has not been paid, issue a certificate of abatement or, in case
64 the whole tax or part of the tax has been paid, draw an order upon the
65 treasurer in favor of such applicant for such amount, without interest.
66 Any action so taken by such selectmen or other authority shall be a
67 matter of record and the tax collector shall be notified in writing of such
68 action.

69 Sec. 2. Subdivision (20) of section 12-81 of the 2024 supplement to the
70 general statutes is repealed and the following is substituted in lieu
71 thereof (*Effective October 1, 2024, and applicable to assessment years*
72 *commencing on or after October 1, 2024*):

73 (20) (A) Subject to the provisions hereinafter stated, property not
74 exceeding three thousand five hundred dollars in amount shall be
75 exempt from taxation, which property belongs to, or is held in trust for,
76 any resident of this state who has served, or is serving, in the Army,
77 Navy, Marine Corps, Coast Guard, Air Force or Space Force of the
78 United States and [(1)] (i) has a disability rating as determined by the

79 United States Department of Veterans Affairs amounting to ten per cent
80 or more of total disability, other than a service-connected permanent
81 and total disability rating, provided such exemption shall be two
82 thousand dollars in any case in which such rating is between ten per
83 cent and twenty-five per cent; two thousand five hundred dollars in any
84 case in which such rating is more than twenty-five per cent but not more
85 than fifty per cent; three thousand dollars in any case in which such
86 rating is more than fifty per cent but not more than seventy-five per cent;
87 and three thousand five hundred dollars in any case in which such
88 [person] resident has attained sixty-five years of age or such rating is
89 more than seventy-five per cent; or [(2)] (ii) is receiving a pension,
90 annuity or compensation from the United States because of the loss in
91 service of a leg or arm or that which is considered by the rules of the
92 United States Pension Office or the Bureau of War Risk Insurance the
93 equivalent of such loss.

94 (B) If such veteran lacks such amount of property in [his or her] such
95 veteran's name, so much of the property belonging to, or held in trust
96 for, [his or her] such veteran's spouse, who is domiciled with [him or
97 her] such veteran, as is necessary to equal such amount shall also be so
98 exempt. When any veteran entitled to an exemption under the
99 provisions of this [section] subdivision has died, property belonging to,
100 or held in trust for, [his or her] such deceased veteran's surviving
101 spouse, while such spouse remains a widow or widower, or belonging
102 to or held in trust for [his or her] such deceased veteran's minor children
103 during their minority, or both, while they are residents of this state, shall
104 be exempt in the same aggregate amount as that to which the disabled
105 veteran was or would have been entitled at the time of [his or her] such
106 veteran's death.

107 (C) No individual entitled to the exemption under this subdivision
108 and under one or more of subdivisions (19), (22), (23), (25) and (26) of
109 this section shall receive more than one exemption.

110 (D) (i) No individual shall receive any exemption to which [he or she]
111 such individual is entitled under this subdivision until [he or she] such

112 individual has complied with section 12-95, as amended by this act, and
113 has submitted proof of [his or her] such individual's disability rating, as
114 determined by the United States Department of Veterans Affairs, to the
115 assessor of the town in which the exemption is sought. If there is no
116 change to an individual's disability rating, such proof shall not be
117 required for any assessment year following that for which the
118 exemption under this subdivision is granted initially. If the United
119 States Department of Veterans Affairs modifies a veteran's disability
120 rating, such modification shall be deemed a waiver of the right to [such]
121 the exemption under this subdivision until proof of disability rating is
122 submitted to the assessor and the right to such exemption is established
123 as required initially, except that if such disability rating is modified to a
124 service-connected permanent and total disability rating, such veteran
125 may seek the exemption under subdivision (83) of this section.

126 (ii) Any [person] individual who has been unable to submit evidence
127 of disability rating in the manner required by this subdivision, or who
128 has failed to submit such evidence as provided in section 12-95, as
129 amended by this act, may, when [he or she] such individual obtains such
130 evidence, make application to the tax collector [of taxes within] not later
131 than one year after [he or she] such individual obtains such proof or
132 [within] not later than one year after the expiration of the time limited
133 in section 12-95, as amended by this act, as the case may be, for
134 abatement in case the tax has not been paid, or for refund in case the
135 whole tax has been paid, of such part or the whole of such tax as
136 represents the service exemption. Such abatement or refund may be
137 granted retroactively to include the assessment day next succeeding the
138 date as of which such person was entitled to such disability rating as
139 determined by the United States Department of Veterans Affairs, but in
140 no case shall any abatement or refund be made for a period greater than
141 three years.

142 (iii) The tax collector shall, after examination of such application, refer
143 the same, with [his] the tax collector's recommendations thereon, to the
144 board of selectmen of a town or to the corresponding authority of any
145 other municipality, and shall certify to the amount of abatement or

146 refund to which the applicant is entitled. Upon receipt of such
147 application and certification, the selectmen or other duly constituted
148 authority shall, in case the tax has not been paid, issue a certificate of
149 abatement or, in case the whole tax has been paid, draw an order upon
150 the treasurer in favor of such applicant for the amount, without interest,
151 [which] that represents the service exemption. Any action so taken by
152 such selectmen or other authority shall be a matter of record and the tax
153 collector shall be notified in writing of such action;

154 Sec. 3. Section 12-95 of the general statutes is repealed and the
155 following is substituted in lieu thereof (*Effective October 1, 2024, and*
156 *applicable to assessment years commencing on or after October 1, 2024*):

157 No individual shall receive any exemption to which [he] such
158 individual is entitled by any one of subdivisions (19), (20), (22), (23), (25),
159 (26), [and] (28) and (83) of section 12-81, as amended by this act, or
160 section 12-82 until [he] such individual has proved [his] such
161 individual's right to such exemption in accordance with the provisions
162 of sections 12-93 and 12-94, together with such further proof as is
163 necessary under the provisions of any of said sections. Exemptions so
164 proved by residents shall take effect on the next succeeding assessment
165 day, provided individuals entitled to an exemption under the
166 provisions of subdivision (20) or (83) of section 12-81, as amended by
167 this act, may prove such right at any time before the expiration of the
168 time limited by law for the board of assessment appeals of the town
169 wherein the exemption is claimed to complete its duties and such
170 exemption shall take effect on the assessment day next preceding the
171 date of the proof thereof. For purposes of any tax payable in accordance
172 with the provisions of section 12-71b, any such exemption referred to in
173 this section shall take effect on the first day of January next following
174 the date on which the right to such exemption has been proved.

175 Sec. 4. Section 12-81h of the general statutes is repealed and the
176 following is substituted in lieu thereof (*Effective October 1, 2024, and*
177 *applicable to assessment years commencing on or after October 1, 2024*):

178 Any municipality, upon approval by its legislative body, may allow

179 an exemption from property tax to be determined as a uniform
 180 percentage of the assessed value of any one motor vehicle owned by any
 181 veteran with a condition of disability enabling such veteran to qualify
 182 for the exemption from property tax currently allowed under
 183 subdivision (20), [or subdivision] (21) or (83) of section 12-81, as
 184 amended by this act, provided such motor vehicle [must be] is specially
 185 equipped for purposes of adapting its use to the disability of such
 186 veteran and provided further no individual entitled to claim the
 187 exemption under this section and under subdivision (83) of section 12-
 188 81, as amended by this act, shall receive more than one exemption for a
 189 motor vehicle.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2024, and applicable to assessment years commencing on or after October 1, 2024</i>	12-81(83)
Sec. 2	<i>October 1, 2024, and applicable to assessment years commencing on or after October 1, 2024</i>	12-81(20)
Sec. 3	<i>October 1, 2024, and applicable to assessment years commencing on or after October 1, 2024</i>	12-95
Sec. 4	<i>October 1, 2024, and applicable to assessment years commencing on or after October 1, 2024</i>	12-81h

FIN Joint Favorable Subst.

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: None

Municipal Impact:

Municipalities	Effect	FY 25 \$	FY 26 \$
Various Municipalities	Grand List Reduction	None	4.9 million

Explanation

The bill results in a grand list reduction¹ of approximately \$4.9 million beginning in FY 26 from fully exempting real property tax for veterans with a Permanent and Total (P&T) disability rating from the United States Department of Veterans Affairs or their spouse. If neither veteran nor spouse owns such a residence, the exemption may be applied to a motor vehicle owned by such a resident or their spouse. There are 1,209 veterans in the state of Connecticut with a P&T designation, and the estimate takes home and motor vehicle ownership rates amongst veterans into account.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the number of qualifying veterans.

¹ A grand list reduction results in a revenue loss given a constant mill rate. It is likely that a municipality will adjust its mill rate to offset any predicted revenue loss.

OLR Bill Analysis**sHB 5491*****AN ACT ESTABLISHING A PROPERTY TAX EXEMPTION FOR VETERANS WHO HAVE A SERVICE-CONNECTED PERMANENT AND TOTAL DISABILITY RATING.*****SUMMARY**

This bill fully exempts from property tax a primary residence or motor vehicle for each former member of the armed services who has a permanent and total (100%) disability rating (often referred to as “P&T rating,” see BACKGROUND). Under existing law, former service members who have disability ratings of at least 10% are eligible for a partial property tax exemption. Those who have a 100% disability rating (regardless of whether it is permanent) are eligible for an exemption of at least \$3,500. They are also eligible for an income-based exemption, which may be state-reimbursed when provided to lower income individuals (see BACKGROUND). (The bill does not require the state to reimburse municipalities for the P&T rating exemption.)

The bill generally extends to the P&T rating exemption the same eligibility criteria and application process that apply to the existing disability rating-based exemption. To qualify, the former service member must have served in the U.S. Army, Navy, Marine Corps, Coast Guard, Air Force, or Space Force; reside in this state; and file for the exemption with the town assessor as the bill requires. The exemption may be transferred to a service member’s spouse or minor children in certain circumstances.

The bill also makes minor and conforming changes.

EFFECTIVE DATE: October 1, 2024, and applicable to assessment years starting on or after that date.

ELIGIBLE PROPERTY

Under the bill, the full exemption applies to either (1) a primary residence the service member owns, which may include a condominium or unit in a common interest community; or (2) one motor vehicle kept in this state, if the service member does not own a primary residence.

TRANSFERABILITY TO SPOUSES AND CHILDREN

Under the existing exemption and the bill, if the former service member does not own sufficient property (a house or car, under the bill) to use the exemption, the member's spouse may claim it if they live together. If the qualifying service member dies, his or her minor children (with property held in trust for them) or unmarried surviving spouse may claim it while still a minor or unmarried, respectively.

LIMITATION ON MULTIPLE EXEMPTIONS

Under existing law and the bill, those who are eligible for both a disability rating-based exemption and specified other exemptions may generally only receive one. This restriction applies to exemptions for (1) wartime service or military retirements after 30 years, (2) surviving spouses and minor children of veterans who died, (3) surviving spouses who receive federal compensation, (4) parents of veterans or deceased service members with wartime service, and (5) service members' parents who receive federal compensation.

LOCAL OPTION EXEMPTION FOR SPECIALLY ADAPTED MOTOR VEHICLES

By law, municipalities may additionally exempt the value of a specially adapted vehicle, or a percentage of its value, for service members who qualify for the existing disability rating-based exemption. The bill correspondingly allows them to provide this additional exemption for service members receiving the P&T rating exemption, but prohibits more than one exemption for the same vehicle.

ELIGIBILITY FOR THOSE WITH RATINGS LESS THAN P&T

If a service member qualifies for a P&T rating exemption under the bill, but his or her rating is later modified to one that is not permanent

or total, the service member may still qualify for the other disability-based exemption. Conversely, if a service member's disability rating qualified him or her for the existing disability-based exemption but the rating is later increased to a P&T rating, the service member may apply for the P&T disability exemption under the bill.

BACKGROUND

Permanent and Total Disability Ratings

The U.S. Department of Veterans Affairs assigns disability ratings, expressed as a percentage, based on the severity of an individual's service-connected condition or conditions. The maximum rating is 100%, or a total disability. Total disability ratings may be temporary or permanent. A permanent rating means the department has determined the impairment is reasonably certain to continue throughout the service member's life.

Exemption for 100% Disability Ratings

By law, municipalities must provide eligible former service members who have a disability rating of at least 10% with property tax exemptions consisting of (1) a "base amount" that correlates to the service member's disability rating; (2) an income-based exemption, the amount of which depends on whether the member's income is above or below a statutorily set threshold; plus (3) \$10,000 if the service member has certain, specified injuries (e.g., total blindness or the loss of both arms or legs) or \$5,000 for the loss of use of one arm or leg (CGS § 12-81(21)).

For a service member with a 100% disability rating, the base amount is \$3,500. If the service member's income is \$18,000 or less (or \$21,000 or less if married), the income-based exemption amount equals twice the base amount (\$7,000). If the service member's income is above the threshold, it equals one-half the base amount (\$1,750) (CGS § 12-81g(a)). The state must generally reimburse municipalities for income-based exemptions they provided for service members with incomes below the threshold (CGS § 12-81g(e)).

By law, municipalities must increase these exemption amounts after revaluations that increase their grand lists by a certain amount (CGS § 12-62g) and may provide higher income-based exemptions for individuals with a 100% disability rating (e.g., CGS § 12-81g(b)).

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 51 Nay 0 (04/02/2024)