

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 24-46—sHB 5491

Finance, Revenue and Bonding Committee

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

SUMMARY: This act fully exempts from property tax a primary dwelling or motor vehicle for each former member of the armed services (i.e., veteran) who has a permanent and total disability rating (often referred to as “P&T rating”). Under existing law, veterans 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 given to lower-income individuals (see BACKGROUND). (The act does not require the state to reimburse municipalities for the P&T rating exemption.)

The act 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 veteran must (1) have served in the U.S. Army, Navy, Marine Corps, Coast Guard, Air Force, or Space Force; (2) reside in this state; and (3) file for the exemption with the town assessor as the act requires. The exemption may be transferred to a veteran’s spouse or minor children in certain circumstances.

The act 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 act, the full exemption applies to either (1) a primary dwelling the veteran owns, which may include a condominium or unit in a common interest community, or (2) one motor vehicle kept in this state, if the veteran does not own a dwelling.

TRANSFERABILITY TO SPOUSES AND CHILDREN

Under the existing exemption and the act, if the veteran does not own sufficient property (a house or car, under the act) to use the exemption, the veteran’s spouse may claim it if they live together. If the qualifying veteran 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

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Under existing law and the act, those who qualify 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 veterans who qualify for the existing disability rating-based exemption. The act correspondingly allows them to provide this additional exemption for veterans receiving the P&T rating exemption, but prohibits more than one motor vehicle exemption.

ELIGIBILITY FOR THOSE WITH RATINGS LESS THAN P&T

If a veteran qualifies for a P&T rating exemption under the act, but his or her rating is later modified to one that is not permanent or total, the veteran may still qualify for the other disability-based exemption. Conversely, if a veteran's disability rating qualified him or her for the existing disability-based exemption, but the rating is later changed to a P&T rating, the veteran may apply for the P&T disability exemption under the act.

BACKGROUND

Exemption for Disability Ratings

By law, municipalities must give eligible veterans who have a disability rating of at least 10% a property tax exemption consisting of (1) a "base amount" that correlates to the veteran's disability rating; (2) an income-based exemption, the amount of which depends on whether the veteran's income is above or below a statutorily set threshold; plus (3) \$10,000 if the veteran 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(20) & (21)).

For a veteran with a 100% disability rating, the base amount is \$3,500. If the veteran'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 veteran'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 give to veterans 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

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they may provide higher income-based exemptions for individuals with a 100% disability rating (e.g., CGS § 12-81g(b)).