

# Veterans Property Tax Exemptions by Town: State Mandated Exemptions

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January 5, 2024 | 2024-R-0004

## Issue

For each property tax exemption towns must give veterans, what amount does each town provide (adjusted for any “increase factor” under CGS § 12-62g)?

For additional information on this subject, please see the following OLR reports:

- Veterans Property Tax Exemptions by Town: Municipal-Option Exemptions (OLR Report [2024-R-0018](#))
- Veterans Property Tax Exemptions by Town: Total Benefit Amounts & Recipients (OLR Report [2024-R-0020](#))

Additionally, OLR Report [2023-R-0175](#) provides information on the eligibility criteria for both municipal-option exemptions as well as state-mandated exemptions.

## Summary

By law, municipalities (i.e., towns) must provide property tax exemptions to three categories of veterans. They must provide these 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 ([CGS § 12-81\(20\) & \(21\)](#)).

## Property Tax Exemptions

*Exemptions are a reduction in a property's taxable value; they are not credits against the total amount owed. For example, a \$5,000 exemption in a town with a mill rate of 30 (i.e., 3% tax rate) would result in a \$150 reduction in taxes owed.*

The law sets the exemption amount for each category of qualifying veteran but requires towns to increase these amounts if a revaluation results in a grand list increase of a certain amount (see Increase Factors below) ([CGS § 12-62g](#)).

With their legislative bodies' approval, towns may grant certain additional exemptions (commonly referred to as "municipal-option exemptions") to veterans, including those who do not qualify for the state-mandated exemptions.

## Increase Factors

Towns must increase certain exemptions if, after performing a revaluation (generally occurring once every five years), their grand list increases by a certain amount. (A revaluation is the process used to periodically capture changes in real property values.) As a result of this requirement, the exemption amounts 126 towns (out of 169) must provide are higher than what is listed in statute.

To determine whether a particular revaluation triggers this requirement, and the amount of any required increase, municipalities must calculate their "increase factor." The increase factor is calculated by:

1. dividing the municipality's net taxable grand list for that (post-revaluation) year by its net taxable grand list for the prior (pre-revaluation) year, and
2. rounding the result to the nearest whole number (as a result, only increase factors of 1.5 or higher trigger an increase in the exemption amounts).

The covered exemption amounts must be multiplied by this same factor ([CGS § 12-62g](#)). The increased exemption applies until the next triggering revaluation and is cumulative. This increase factor requirement applies to (1) the mandatory exemptions for wartime veterans and veterans with disabilities, as described in this report and (2) a municipal-option exemption towns may provide to wartime veterans and veterans with disabilities, as well as certain surviving spouses ([CGS § 12-81f](#); OLR Report [2024-R-0018](#) provides additional information on towns that provide the municipal-option exemptions for veterans).

Chart 1 shows the increase factor that each town must apply. Towns with no increase factor are only required to provide, at minimum, the amounts set in statute. Those with higher increase factors must provide corresponding exemption amounts.

Chart 1: Increase Factors Applied in Each Town



Source: OPM data, 2020

## Wartime Veterans & 30-Year Retirees

By law, towns must provide a property tax exemption to veterans who (1) have qualifying wartime service or (2) retired from the U.S. Armed Forces after 30 years of service because they reached the law’s prescribed age limit or suffered from a mental or physical disability ([CGS § 12-81\(19\)](#)).

For both types of veterans, this state-mandated exemption consists of two parts:

1. a “basic” exemption (set at \$1,000 in statute, but adjusted as described below) ([CGS § 12-81\(19\)](#)) plus
2. an income-based exemption equal to:
  - 50% of the basic exemption if the veteran’s income exceeds an Office of Policy and Management (OPM)-adjusted income threshold or
  - 200% of the basic exemption if the veteran’s income is at or below the threshold ([CGS § 12-81g\(a\)&\(d\)](#)).

Towns must increase the basic exemption amount after “triggering revaluations,” as described above. This, in turn, also increases the income-based exemption amount as well. Table 1 below shows the total exemption amounts towns must provide, based on their increase factor (each town’s increase factor is shown in [Chart 1](#) above).

### Income Thresholds

*For 2023, the income thresholds, set by OPM, are based on 2022 income and as follows:*

- \$40,300 for individuals
- \$49,100 for married with joint income

*Except, for those with a 100% disability rating, the thresholds established in statute are:*

- \$18,000 for individuals
- \$21,000 for married with joint income ([CGS § 12-81g\(a\)](#))

**Table 1: Wartime & Retiree Exemption Amounts, Adjusted by Increase Factor**

Statutory “Basic” Exemption	Increase Factor <sup>1</sup>	Adjusted Basic Exemption	Total Exemption <sup>2</sup> (adjusted basic + income-based)			
			<i>Income over threshold</i>	or	<i>Income under threshold</i>	
\$1,000	None	\$1,000	+	add'l 50% = <b>\$1,500</b>	or	add'l 200% = <b>\$3,000</b>
	x2	= \$2,000	+	add'l 50% = <b>\$3,000</b>	or	add'l 200% = <b>\$6,000</b>
	x3	= \$3,000	+	add'l 50% = <b>\$4,500</b>	or	add'l 200% = <b>\$9,000</b>
	x4	= \$4,000	+	add'l 50% = <b>\$6,000</b>	or	add'l 200% = <b>\$12,000</b>
	x6	= \$6,000	+	add'l 50% = <b>\$9,000</b>	or	add'l 200% = <b>\$18,000</b>
	x8	= \$8,000	+	add'l 50% = <b>\$12,000</b>	or	add'l 200% = <b>\$24,000</b>

<sup>1</sup>As shown in Chart 1, no towns currently have an increase factor of x5 or x7; thus, those calculations have been omitted from this table

<sup>2</sup>Actual exemption amounts may be higher in some towns; [CGS § 12-81f](#) authorizes towns to provide an additional exemption amount up to \$20,000 or 10% of eligible properties' assessed value (see OLR Report [2024-R-0018](#))

Sources: OPM Data, [CGS § 12-81\(19\)](#) and [CGS § 12-81g](#)

## Veterans With Disabilities

By law, towns must provide a property tax exemption to veterans (and service members) who (1) have a VA disability rating of 10% or more or (2) receive a pension, annuity, or compensation from the United States due to the service-related loss of their arm, leg, or equivalent (“federal compensation”) ([CGS § 12-81\(20\)](#)).

The state-mandated exemption for veterans with disabilities consists of:

1. an amount based on the veteran’s disability rating or federal compensation;
2. an additional severe service-related disability amount, if applicable (e.g., for loss of one or both arms or legs) ([CGS § 12-81\(21\)](#)); plus
3. an income-based exemption equal to either:
  - 50% of the base exemption (i.e., the disability rating or federal compensation-based amount plus the severe service-disability amount, if any) if the veteran’s income exceeds a set income threshold (see [Income Thresholds](#) above) or
  - twice the base exemption if the veteran’s income is at or below the threshold ([CGS § 12-81g\(a\)&\(d\)](#)).

As with exemption amounts for wartime veterans and 30-year retirees, towns must multiply the amounts set in statute by their revaluation-based increase factor (each town's increase factor is shown in [Chart 1](#) above). Tables 2 through 6 show the amounts set in statute for these exemptions and, for each increase factor, the adjusted exemption amounts towns must provide. For towns with no revaluation increase, the amounts are those set in statute.

We additionally provide an example for each increase factor, showing how it changes the exemption amount and total taxes owed for an unmarried veteran with a 100% disability rating and a severe service-related disability (loss of one arm).

### ***No Increase Factor***

An unmarried veteran with a 100% disability rating and a severe service-related disability (loss of one arm) with an income below \$18,000 (the applicable income threshold) who lives in a town with a mill rate of 30 and no increase factor would be entitled to a \$10,515 exemption. This results in a \$315.45 reduction in property taxes the veteran owes.

## Increase Factor of 2

For example, as shown in the table below, a town with an increase factor of two would be required to provide a \$51,000 exemption to an unmarried veteran who lost one arm (i.e., a severe-service related disability) and has a 100% disability rating and an income below \$18,000 (see [Income Thresholds](#) above). In a town with a mill rate of 30, this would result in a \$1,530 reduction in the amount of taxes the veteran owes.

**Table 2: Towns With an Increase Factor of 2 – Disability-Based Exemption Amounts**

Basis for Eligibility		Statutory Base Amount	Adjusted Base Amount (x2)	Total Exemption (adjusted base amount + income-based amount)		
				Income over threshold (add'l 50%)	or	Income under threshold (add'l 200%)
<b>Disability rating<sup>1</sup></b>	10-25%	\$2,000	\$4,000	<b>\$6,000</b>	or	<b>\$12,000</b>
	26-50%	\$2,500	\$5,000	<b>\$7,500</b>	or	<b>\$15,000</b>
	51-75%	\$3,000	\$6,000	<b>\$9,000</b>	or	<b>\$18,000</b>
	76-100%	\$3,500	\$7,000	<b>\$10,500</b>	or	<b>\$21,000</b>
	at least 10% and 65-years-old	\$3,500	\$7,000	<b>\$10,500</b>	or	<b>\$21,000</b>
<b>Federal compensation<sup>1</sup></b>		\$3,500	\$7,000	<b>\$10,500</b>	or	<b>\$21,000</b>
<b>Plus the amount below, if applicable</b>						
<b>Severe service-related disability</b>	Loss of one arm or leg	\$5,000	\$10,000	<b>\$15,000</b>	or	<b>\$30,000</b>
	Loss of both arms, legs, or feet or other listed disabilities	\$10,000	\$20,000	<b>\$30,000</b>	or	<b>\$60,000</b>

<sup>1</sup>State law authorizes towns to provide additional amounts (see, e.g., CGS §§ 12-81g(a)&(b) and 12-81f(b)); as a result, these amounts may be higher in some towns (see OLR Report [2024-R-0018](#))

Sources: CGS §§ 12-62g, 12-81(20)&(21), 12-81g(a)&(d)

### ***Increase Factor of 3***

For example, as shown in the table below, a town with an increase factor of three would be required to provide a \$76,500 exemption to an unmarried veteran who lost one arm (i.e., a severe service-related disability) and has a 100% disability rating and an income below \$18,000 (see [Income Thresholds](#) above). In a town with a mill rate of 30, this would result in a \$2,295 reduction in the amount of taxes the veteran owes.

**Table 3: Towns With an Increase Factor of 3 – Disability-Based Exemption Amounts**

Basis for Eligibility		Statutory Base Amount	Adjusted Base Amount (x3)	Total Exemption (adjusted base amount + income-based amount)	
				Income over threshold (add'l 50%)	Income under threshold (add'l 200%)
<b>Disability rating<sup>1</sup></b>	10-25%	\$2,000	\$6,000	<b>\$9,000</b>	or <b>\$18,000</b>
	26-50%	\$2,500	\$7,500	<b>\$11,250</b>	or <b>\$22,500</b>
	51-75%	\$3,000	\$9,000	<b>\$13,500</b>	or <b>\$27,000</b>
	76-100%	\$3,500	\$10,500	<b>\$15,750</b>	or <b>\$31,500</b>
	at least 10% and 65-years-old	\$3,500	\$10,500	<b>\$15,750</b>	or <b>\$31,500</b>
<b>Federal compensation<sup>1</sup></b>		\$3,500	\$10,500	<b>\$15,750</b>	or <b>\$31,500</b>
<b>Plus the amount below, if applicable</b>					
<b>Severe service-related disability</b>	Loss of one arm or leg	\$5,000	\$15,000	<b>\$22,500</b>	or <b>\$45,000</b>
	Loss of both arms, legs, or feet or other listed disabilities	\$10,000	\$30,000	<b>\$45,000</b>	or <b>\$90,000</b>

<sup>1</sup>State law authorizes towns to provide additional amounts (see, e.g., CGS §§ 12-81g(a)&(b) and 12-81f(b)); as a result, these amounts may be higher in some towns (see OLR Report [2024-R-0018](#))



## Increase Factor of 4

For example, as shown in the table below, a town with an increase factor of four would be required to provide a \$102,000 exemption to an unmarried veteran who lost one arm (i.e., a severe service-related disability) and has a 100% disability rating and an income below \$18,000 (see [Income Thresholds](#) above). In a town with a mill rate of 30, this would result in a \$3,060 reduction in the amount of taxes the veteran owes.

**Table 4: Towns With an Increase Factor of 4 – Disability-Based Exemption Amounts**

Basis for Eligibility		Statutory Base Amount	Adjusted Base Amount (x4)	Total Exemption (adjusted base amount + income-based amount)		
				Income over threshold (add'l 50%)	or	Income under threshold (add'l 200%)
<b>Disability rating<sup>1</sup></b>	10-25%	\$2,000	\$8,000	<b>\$12,000</b>	or	<b>\$24,000</b>
	26-50%	\$2,500	\$10,000	<b>\$15,000</b>	or	<b>\$30,000</b>
	51-75%	\$3,000	\$12,000	<b>\$18,000</b>	or	<b>\$36,000</b>
	76-100%	\$3,500	\$14,000	<b>\$21,000</b>	or	<b>\$42,000</b>
	at least 10% and 65-years-old	\$3,500	\$14,000	<b>\$21,000</b>	or	<b>\$42,000</b>
<b>Federal compensation<sup>1</sup></b>		\$3,500	\$14,000	<b>\$21,000</b>	or	<b>\$42,000</b>
<b>Plus the amount below, if applicable</b>						
<b>Severe service-related disability</b>	Loss of one arm or leg	\$5,000	\$20,000	<b>\$30,000</b>	or	<b>\$60,000</b>
	Loss of both arms, legs, or feet or other listed disabilities	\$10,000	\$40,000	<b>\$60,000</b>	or	<b>\$120,000</b>

<sup>1</sup>State law authorizes towns to provide additional amounts (see, e.g., CGS §§ 12-81g(a)&(b) and 12-81f(b)); as a result, these amounts may be higher in some towns (see OLR Report [2024-R-0018](#))

## Increase Factor of 6

For example, as shown in the table below, a town with an increase factor of six would be required to provide a \$153,000 exemption to an unmarried veteran who lost one arm (i.e., a severe service-related disability) and has a 100% disability rating and an income below \$18,000 (see [Income Thresholds](#) above). In a town with a mill rate of 30, this would result in a \$4,590 reduction in the amount of taxes the veteran owes.

**Table 5: Towns With an Increase Factor of 6 – Disability-Based Exemption Amounts**

Basis for Eligibility		Statutory Base Amount	Adjusted Base Amount (x6)	Total Exemption (adjusted base amount + income-based amount)		
				Income over threshold (add'l 50%)	or	Income under threshold (add'l 200%)
<b>Disability rating<sup>1</sup></b>	10-25%	\$2,000	\$12,000	<b>\$18,000</b>	or	<b>\$36,000</b>
	26-50%	\$2,500	\$15,000	<b>\$22,500</b>	or	<b>\$45,000</b>
	51-75%	\$3,000	\$18,000	<b>\$27,000</b>	or	<b>\$54,000</b>
	76-100%	\$3,500	\$21,000	<b>\$31,500</b>	or	<b>\$63,000</b>
	at least 10% and 65-years-old	\$3,500	\$21,000	<b>\$31,500</b>	or	<b>\$63,000</b>
<b>Federal compensation<sup>1</sup></b>		\$3,500	\$21,000	<b>\$31,500</b>	or	<b>\$63,000</b>
<b>Plus the amount below, if applicable</b>						
<b>Severe service-related disability</b>	Loss of one arm or leg	\$5,000	\$30,000	<b>\$45,000</b>	or	<b>\$90,000</b>
	Loss of both arms, legs, or feet or other listed disabilities	\$10,000	\$60,000	<b>\$90,000</b>	or	<b>\$180,000</b>

<sup>1</sup>State law authorizes towns to provide additional amounts (see, e.g., CGS §§ 12-81g(a) & (b) and 12-81f(b)); as a result, these amounts may be higher in some towns (see OLR Report [2024-R-0018](#))

## Increase Factor of 8

For example, as shown in the table below, a town with an increase factor of eight would be required to provide a \$204,000 exemption to an unmarried veteran who lost one arm (i.e., a severe service-related disability) and has a 100% disability rating and an income below \$18,000 (see [Income Thresholds](#) above). In a town with a mill rate of 30, this would result in a \$6,120 reduction in the amount of taxes the veteran owes.

**Table 6: Towns With an Increase Factor of 8 – Disability-Based Exemption Amounts**

Basis for Eligibility		Statutory Base Amount	Adjusted Base Amount (x8)	Total Exemption (adjusted base amount + income-based amount)		
				Income over threshold (add'l 50%)	or	Income under threshold (add'l 200%)
<b>Disability rating<sup>1</sup></b>	10-25%	\$2,000	\$16,000	<b>\$24,000</b>	or	<b>\$48,000</b>
	26-50%	\$2,500	\$20,000	<b>\$30,000</b>	or	<b>\$60,000</b>
	51-75%	\$3,000	\$24,000	<b>\$36,000</b>	or	<b>\$72,000</b>
	76-100%	\$3,500	\$28,000	<b>\$42,000</b>	or	<b>\$84,000</b>
	at least 10% and 65-years-old	\$3,500	\$28,000	<b>\$42,000</b>	or	<b>\$84,000</b>
<b>Federal compensation<sup>1</sup></b>		\$3,500	\$28,000	<b>\$42,000</b>	or	<b>\$84,000</b>
<b>Plus the amount below, if applicable</b>						
<b>Severe service-related disability</b>	Loss of one arm or leg	\$5,000	\$40,000	<b>\$60,000</b>	or	<b>\$120,000</b>
	Loss of both arms, legs, or feet or other listed disabilities	\$10,000	\$80,000	<b>\$120,000</b>	or	<b>\$240,000</b>

<sup>1</sup>State law authorizes towns to provide additional amounts (see, e.g., CGS §§ 12-81g(a)&(b) and 12-81f(b)); as a result, these amounts may be higher in some towns (see OLR Report [2024-R-0018](#))

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