Senate

General Assembly

File No. 38

January Session, 2025

Substitute Senate Bill No. 1276

Senate, March 5, 2025

The Committee on Veterans' and Military Affairs reported through SEN. HONIG of the 8th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING A PROPERTY TAX EXEMPTION FOR VETERANS WHO ARE PERMANENTLY AND TOTALLY DISABLED BASED ON A DISABILITY RATING OF ONE HUNDRED PER CENT AND A PROPERTY TAX EXEMPTION FOR GOLD STAR SPOUSES.

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

Section 1. (*Effective from passage*) In each town in which the grand list for the assessment year commencing October 1, 2024, has been published and lodged for public inspection on or before the effective date of this section:

(1) Notwithstanding the provisions of section 12-55 of the general statutes, such town's assessor or board of assessors may disregard, adjust and republish said grand list not later than thirty days after the effective date of this section;

(2) Notwithstanding the provisions of subsection (b) of section 12-110 of the general statutes, such town's board of assessment appeals shall meet to hear appeals related to the assessment of property during the

period commencing sixty days after the effective date of this section and concluding ninety days after the effective date of this section, on business days as described in said subsection;

(3) Notwithstanding the provisions of subdivision (1) of subsection (a) of section 12-111 of the general statutes and section 12-112 of the general statutes, appeals from the doings of such town's assessors shall be heard or entertained by such town's board of assessment appeals if any such appeal is made on or before the fifteenth day after the effective date of this section;

(4) Notwithstanding the provisions of subdivisions (1) and (2) of subsection (a) of section 12-111 of the general statutes, such town's board of assessment appeals shall notify each taxpayer who filed an appeal, whether to advise of the date, time and place of the appeal hearing or to advise that such board has elected not to conduct an appeal hearing, in accordance with said subdivisions, not later than sixty days after the effective date of this section;

(5) Notwithstanding the provisions of section 12-120 of the general statutes, such town's assessor or board of assessors shall transmit to the Secretary of the Office of Policy and Management not later than one hundred twenty days after the effective date of this section an abstract of the assessment list that has been examined and corrected by the board of assessment appeals; and

(6) Notwithstanding the provisions of title 7 of the general statutes, chapter 204 of the general statutes, section 12-142 of the general statutes and any special act, municipal charter or home rule ordinance, if such town has adopted a budget or levied taxes for the fiscal year ending June 30, 2026, such town may, by vote of its legislative body or, in a municipality where the legislative body is a town meeting, by vote of the board of selectmen, (A) amend its budget in the same manner as such budget was originally adopted, and (B) not later than one hundred fifty days after the effective date of this section, adjust the tax levy and the amount of any remaining installments of such taxes. If such town has levied a tax that was due and payable in a single installment for the

fiscal year ending June 30, 2026, such town may mail or hand deliver to persons liable therefor a supplemental rate bill for any additional tax levy resulting pursuant to subparagraph (B) of this subdivision.

Sec. 2. Subdivision (83) of section 12-81 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to assessment years commencing on or after October 1, 2024*):

(83) (A) (i) **[**A**]** That portion of a dwelling, including a condominium, as defined in section 47-68a, **[**and**]** a unit in a common interest community, as defined in section 47-202, **[**that is (I) owned by**]** and a mobile manufactured home, as defined in section 12-63a, and the lot upon which such dwelling sits, not to exceed two acres thereof, that (I) belongs to, or is held in trust for, any resident of this state who has served in the Army, Navy, Marine Corps, Coast Guard, Air Force or Space Force of the United States and has been determined by the United States Department of Veterans Affairs to be permanently and totally disabled based on a service-connected **[**permanent and total**]** disability rating **[**as determined by the United States Department of Veterans Affairs**]** of one hundred per cent, and (II) is occupied by such resident as the resident's primary residence, or (ii) lacking such residence, one motor vehicle **[**owned by**]** that belongs to, or is held in trust for, such resident and is garaged in this state. As used in this subdivision, "dwelling" does not include any portion of the unit or structure used by such resident for commercial purposes or from which such resident derives any rental income.

(B) If such resident lacks such **[**dwelling or motor vehicle**]** property in such resident's name, **[**the dwelling or motor vehicle, as applicable,**]** so much of the property belonging to, or held in trust for, such resident's spouse, who is domiciled with such resident, shall be so exempt. When any resident entitled to an exemption under the provisions of this subdivision has died, the **[**dwelling**]** real property or motor vehicle, as applicable, described in subparagraph (A) of this subdivision belonging to, or held in trust for, such deceased resident's surviving spouse, while

such spouse remains a widow or widower, or belonging to or held in trust for such deceased resident's minor children during their minority, or both, while they are residents of this state, shall be so exempt as that to which such resident was or would have been entitled at the time of such resident's death.

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

(D) (i) No individual shall receive any exemption to which such individual is entitled under this subdivision until such individual has complied with section 12-95, as amended by this act, and has submitted proof of such individual's [disability rating, as determined] determination by the United States Department of Veterans Affairs, to the assessor of the town in which the exemption is sought. If there is no change to an individual's [disability rating] determination, such proof shall not be required for any assessment year following that for which the exemption under this subdivision is granted initially. If the United States Department of Veterans Affairs modifies an individual's [disability rating] determination to other than permanently and totally disabled based on a service-connected [permanent and total] disability rating of one hundred per cent, such modification shall be deemed a waiver of the right to the exemption under this subdivision. Any such individual whose [disability rating] determination was modified to other than permanently and totally disabled based on a service-connected [permanent and total] disability rating of one hundred per cent may seek the exemption under subdivision (20) of this section.

(ii) Any individual who has been unable to submit evidence of [disability rating] such determination by the United States Department of Veterans Affairs in the manner required by this subdivision, or who has failed to submit such evidence as provided in section 12-95, as amended by this act, may, when such individual obtains such evidence, make application to the tax collector not later than one year after such individual obtains such proof or not later than one year after the

expiration of the time limited in section 12-95, as amended by this act, as the case may be, for abatement in case the tax has not been paid, or for refund in case the whole tax or part of the tax has been paid. Such abatement or refund may be granted retroactively to include the assessment day next succeeding the date as of which such individual was entitled to such **[**disability rating as determined**]** determination by the United States Department of Veterans Affairs, but in no case shall any abatement or refund be made for a period greater than three years.

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

Sec. 3. (NEW) (*Effective October 1, 2025*) (a) Any municipality, upon approval by its legislative body, may provide that the surviving spouse of any resident of this state who (1) had served in the Army, Navy, Marine Corps, Coast Guard, Air Force or Space Force of the United States, (2) had been determined by the United States Department of Veterans Affairs to have a service-connected disability rating, and (3) died prior to October 1, 2024, shall, while such spouse remains a widow or widower, be entitled to an exemption from property tax on (A) that portion of a dwelling, including a condominium, as defined in section 47-68a of the general statutes, a unit in a common interest community, as defined in section 47-202 of the general statutes, and a mobile manufactured home, as defined in section 12-63a of the general statutes, and the lot upon which such dwelling sits, not to exceed two acres thereof, that (i) belongs to, or is held in trust for, such surviving spouse,

and (ii) is occupied by such surviving spouse as the surviving spouse's primary residence, or (B) lacking such residence, one motor vehicle that belongs to, or is held in trust for, such surviving spouse and is garaged in this state. As used in this subsection, "dwelling" does not include any portion of the unit or structure used by such surviving spouse for commercial purposes or from which such surviving spouse derives any rental income.

(b) (1) No surviving spouse shall receive the exemption to which such surviving spouse is entitled under this section until such surviving spouse has complied with section 12-95 of the general statutes, as amended by this act, and has submitted proof to the assessor of the town in which the exemption is sought that the surviving spouse's deceased veteran was determined by the United States Department of Veterans Affairs to have a service-connected disability rating.

(2) Any surviving spouse who has been unable to submit evidence of such determination by the United States Department of Veterans Affairs in the manner required by this subsection, or who has failed to submit such evidence as provided in section 12-95 of the general statutes, as amended by this act, may, when such surviving spouse obtains such evidence, make application to the tax collector not later than one year after such surviving spouse obtains such proof or not later than one year after the expiration of the time limited in section 12-95 of the general statutes, as amended by this act, as the case may be, for abatement in case the tax has not been paid, or for refund in case the whole tax or part of the tax has been paid. Such abatement or refund may be granted retroactively to include the assessment day next succeeding the date as of which such surviving spouse was entitled to such determination by the United States Department of Veterans Affairs, but in no case shall any abatement or refund be made for a period greater than three years.

(3) The tax collector shall, after examination of such application, refer the same, with the tax collector's recommendations thereon, to the board of selectmen of a town or to the corresponding authority of any other municipality, and shall certify to the amount of abatement or refund to

which the applicant is entitled. Upon receipt of such application and certification, the selectmen or other duly constituted authority shall, in case the tax has not been paid, issue a certificate of abatement or, in case the whole tax or part of the tax has been paid, draw an order upon the treasurer in favor of such applicant for such amount, without interest. Any action so taken by such selectmen or other authority shall be a matter of record and the tax collector shall be notified in writing of such action.

Sec. 4. Subdivision (20) of section 12-81 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to assessment years commencing on or after October 1, 2024*):

(20) (A) Subject to the provisions hereinafter stated, property not exceeding three thousand five hundred dollars in amount shall be exempt from taxation, which property belongs to, or is held in trust for, any resident of this state who has served, or is serving, in the Army, Navy, Marine Corps, Coast Guard, Air Force or Space Force of the United States and (i) has a disability rating as determined by the United States Department of Veterans Affairs amounting to ten per cent or more of total disability, other than a determination of being permanently and totally disabled based on a service-connected **[**permanent and total**]** disability rating of one hundred per cent, provided such exemption shall be two thousand dollars in any case in which such rating is between ten per cent and twenty-five per cent; two thousand five hundred dollars in any case in which such rating is more than twenty-five per cent but not more than fifty per cent; three thousand dollars in any case in which such rating is more than fifty per cent but not more than seventy-five per cent; and three thousand five hundred dollars in any case in which such resident has attained sixty-five years of age or such rating is more than seventy-five per cent; or (ii) is receiving a pension, annuity or compensation from the United States because of the loss in service of a leg or arm or that which is considered by the rules of the United States Pension Office or the Bureau of War Risk Insurance the equivalent of such loss.

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

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

(D) (i) No individual shall receive any exemption to which such individual is entitled under this subdivision until such individual has complied with section 12-95, as amended by this act, and has submitted proof of such individual's disability rating, as determined by the United States Department of Veterans Affairs, to the assessor of the town in which the exemption is sought. If there is no change to an individual's disability rating, such proof shall not be required for any assessment year following that for which the exemption under this subdivision is granted initially. If the United States Department of Veterans Affairs modifies a veteran's disability rating, such modification shall be deemed a waiver of the right to the exemption under this subdivision until proof of disability rating is submitted to the assessor and the right to such exemption is established as required initially, except that if such disability rating is modified to a determination that such veteran is permanently and totally disabled based on a service-connected **[**permanent and total**]** disability rating of one hundred per cent, such veteran may seek the exemption under subdivision (83) of this section.

(ii) Any individual who has been unable to submit evidence of

disability rating in the manner required by this subdivision, or who has failed to submit such evidence as provided in section 12-95, as amended by this act, may, when such individual obtains such evidence, make application to the tax collector not later than one year after such individual obtains such proof or not later than one year after the expiration of the time limited in section 12-95, as amended by this act, as the case may be, for abatement in case the tax has not been paid, or for refund in case the whole tax has been paid, of such part or the whole of such tax as represents the service exemption. Such abatement or refund may be granted retroactively to include the assessment day next succeeding the date as of which such person was entitled to such disability rating as determined by the United States Department of Veterans Affairs, but in no case shall any abatement or refund be made for a period greater than three years.

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

Sec. 5. Section 12-93 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to assessment years commencing on or after October 1, 2024*):

Any person who claims an exemption from taxation under the provisions of section 12-81, as amended by this act, or 12-82 by reason of service in the Army, Navy, Marine Corps, Coast Guard, Air Force or Space Force of the United States shall give notice to the town clerk of the

town in which he resides that he is entitled to such exemption. Any person who has performed such service may establish his right to such exemption by exhibiting to the town clerk an honorable discharge, or a certified copy thereof, from such service or, in the absence of such discharge or copy, by appearing before the assessors for an examination under oath, supported by two affidavits of disinterested persons, showing that the claimant is a veteran, as defined in section 27-103, or is serving or, if he is unable to appear by reason of such service, he may establish such right, until such time as he appears personally and exhibits his discharge or copy, by forwarding to the town clerk annually a written statement, signed by the commanding officer of his unit, ship or station or by some other appropriate officer, or where such claimant is currently serving in an active theater of war or hostilities, by the presentation of a notarized statement of a parent, guardian, spouse or legal representative of such claimant, stating that he is personally serving and is unable to appear in person by reason of such service, which statement shall be received before the assessment day of the town wherein the exemption is claimed. In the case of any person claiming exemption under subdivision (83) of section 12-81, as amended by this act, such person shall present to the assessors all documentation necessary to demonstrate that the claimant has been determined by the United States Department of Veterans Affairs to be permanently and totally disabled based on a service-connected disability rating of one hundred per cent, and shall attest that such person has not filed for, and will not file for, the exemption under said subdivision in another town. The assessors shall report to the town clerk all claims so established. Any person claiming exemption by reason of the service of a relative as a soldier, sailor, marine or member of the Coast Guard, Air Force or Space Force may establish his right thereto by at least two affidavits of disinterested persons showing the service of such relative, his honorable discharge or death in service, and the relationship of the claimant to him; and the assessors may further require such person to be examined by them under oath concerning such facts. The town clerk of the town where the honorable discharge or certified copy thereof and each affidavit is originally presented for record shall record such discharge

or certified copy or affidavits thereof in full and shall list the names of such claimants and such service shall be performed by the town clerk without remuneration therefor. Thereafter if any person entitled to such exemption changes his legal residence, the town clerk in the town of former residence and in which such honorable discharge or certified copy thereof or any such affidavit in respect to such person was originally presented for record shall, upon request and payment of a fee by such person to said town of former residence in an amount determined by the town treasurer as necessary to cover the cost of such procedure, prepare and mail to the town in which such person resides, a copy of the record of such discharge or certified copy thereof or affidavits, or he may establish his right to such exemption in the town in which he resides by exhibiting to the town clerk thereof the original discharge or a certified copy thereof or such affidavits. Said clerk shall take therefrom sufficient data to satisfy the exemption requirements of the general statutes and shall record the same and shall note the town where the original complete recording of discharge papers was made. No board of assessors or board of assessment appeals or other official shall allow any such claim for exemption unless evidence as herein specified has been filed in the office of the town clerk, provided, if any claim for exemption has been allowed by any board of assessors or board of assessment appeals prior to July 1, 1923, the provisions of this section shall not apply to such claim. Each claim granted prior to July 1, 1923, shall be recorded with those presented subsequent thereto, and a list of such names, alphabetically arranged, shall be furnished the assessors by the town clerk.

Sec. 6. Section 12-94 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to assessment years commencing on or after October 1, 2024*):

The exemptions granted in sections 12-81<u>, as amended by this act,</u> and 12-82 to soldiers, sailors, marines and members of the Coast Guard, Air Force and Space Force, and their spouses, widows, widowers, fathers and mothers, and to blind or totally disabled persons and their spouses shall first be made in the town in which the person entitled thereto

resides, and any person asking such exemption in any other town shall annually make oath before, or forward his or her affidavit to, the assessors of such town, deposing that such exemptions, except the exemption provided in subdivision (55) of section 12-81, if allowed, will not, together with any other exemptions granted under sections 12-81, as amended by this act, and 12-82, exceed the amount of exemption thereby allowed to such person. Such affidavit shall be filed with the assessors within the period the assessors have to complete their duties in the town where the exemption is claimed. The assessors of each town shall annually make a certified list of all persons who are found to be entitled to exemption under the provisions of said sections, which list shall be filed in the town clerk's office, and shall be prima facie evidence that the persons whose names appear thereon and who are not required by law to give annual proof are entitled to such exemption as long as they continue to reside in such town; but such assessors may, at any time, require any such person to appear before them for the purpose of furnishing **[**additional**]** evidence that demonstrates such person's entitlement to such exemption, provided **[**,**]** (1) any person who by reason of such person's disability is unable to so appear may furnish such assessors a statement from such person's attending physician, physician assistant or an advanced practice registered nurse certifying that such person is totally disabled and is unable to make a personal appearance and such other evidence of total disability as such assessors may deem appropriate, and (2) any person claiming exemption under subdivision (83) of section 12-81, as amended by this act, may furnish documentation from the United States Department of Veterans Affairs certifying that such person is permanently and totally disabled based on a service-connected disability rating of one hundred per cent and is unable to make a personal appearance.

Sec. 7. Section 12-95 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to assessment years commencing on or after October 1, 2024*):

No individual shall receive any exemption to which such individual is entitled by any one of subdivisions (19), (20), (22), (23), (25), (26), (28)

and (83) of section 12-81, as amended by this act, or section 12-82 until such individual has proved such individual's right to such exemption in accordance with the provisions of sections 12-93, as amended by this act, and 12-94, as amended by this act, together with such further proof as is necessary under the provisions of any of said sections, including any modification by the United States Department of Veterans Affairs of (1) a veteran's disability rating as described in subdivision (20) of section 12-81, as amended by this act, or (2) a resident's determination as permanently and totally disabled based on a one hundred per cent disability rating as described in subdivision (83) of section 12-81, as amended by this act. Exemptions so proved by residents shall take effect on the next succeeding assessment day, provided individuals entitled to an exemption under the provisions of subdivision (20) or (83) of section 12-81, as amended by this act, may prove such right at any time before the expiration of the time limited by law for the board of assessment appeals of the town wherein the exemption is claimed to complete its duties and such exemption shall take effect on the assessment day next preceding the date of the proof thereof. For purposes of any tax payable in accordance with the provisions of section 12-71b, any such exemption referred to in this section shall take effect on the first day of January next following the date on which the right to such exemption has been proved.

Sec. 8. Section 12-93a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to assessment years commencing on or after October 1, 2024*):

(a) Any person entitled to an exemption from property tax in accordance with any provision of subdivisions (19) to (26), inclusive, and (83) of section 12-81, as amended by this act, who is the owner of a residential dwelling on leased land, including any such person who is a sublessee under terms of the lease, shall be entitled to claim such exemption in respect to the assessment of the dwelling for purposes of the property tax, provided (1) the dwelling is such person's principal place of residence, (2) such lease or sublease requires that such person as the lessee or sublessee, whichever is applicable, pay all property taxes

related to the dwelling and (3) such lease or sublease is recorded in the land records of the town.

(b) Any person entitled to an exemption from property tax in accordance with the provisions of subdivisions (19) to (26), inclusive, and (83) of section 12-81, as amended by this act, shall be entitled to claim such exemption with respect to the assessment of a motor vehicle that is leased by such person. Notwithstanding the provisions of this chapter, any person claiming the exemption under this section for a leased motor vehicle shall be entitled to a refund of tax paid with respect to such vehicle whether such tax was paid by the lessee or by the lessor pursuant to the terms of the lease. Such refund shall equal the amount of such person's exemption multiplied by the applicable mill rate. Any such person claiming the exemption for a leased vehicle under this subdivision for any assessment year shall, not later than the thirty-first day of December next following the assessment year during which the tax for such leased vehicle has been paid, file with the assessor or board of assessors, in the town in which such motor vehicle tax has been paid, written application claiming such exemption on a form approved for such purpose by such assessor or board. Upon approving such person's exemption claim, the assessor shall certify the amount of refund to which the applicant is entitled and shall notify the tax collector of such amount. The tax collector shall refer such certification to the board of selectmen in a town or to the corresponding authority in any other municipality. Upon receipt of such certification, the selectmen or such other authority shall draw an order on the Treasurer in favor of such person for the amount of refund so certified. Failure to file such application as prescribed in this subsection with respect to any assessment year shall constitute a waiver of the right to such exemption for such assessment year.

Sec. 9. Section 12-81cc of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to assessment years commencing on or after October 1, 2024*):

Any person who has established his or her entitlement to a property

tax exemption under subdivision (19), (20), (22), (23), (24), (25), (26), (28), [or] (53) or (83) of section 12-81, as amended by this act, or section 12-81g for a particular assessment year shall be issued a certificate as to such entitlement by the tax assessor of the relevant municipality. Such person shall be entitled to such exemption in any municipality in this state for such assessment year provided a copy of such certificate is provided to the tax assessor of any municipality in which such exemption is claimed and further provided such person would otherwise have been eligible for such exemption in such municipality if he or she had filed for such exemption as provided under the general statutes.

Sec. 10. Subdivision (22) of section 12-81 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025, and applicable to assessment years commencing on or after October 1, 2025*):

(22) Subject to the provisions of sections 12-89, 12-90 and 12-95, as amended by this act, (A) property to the amount of one thousand dollars belonging to, or held in trust for, any surviving spouse while such person remains a widow or widower, or a minor child or both, residing in this state, of one who has served in the Army, Navy, Marine Corps, Coast Guard, Air Force or Space Force of the United States, or any citizen of the United States who served in the military or naval service of a government allied or associated with the United States, as provided by subdivision (19) of this section, and who has died either during his or her term of service, except as provided in subparagraph (B) of this subdivision, or after becoming a veteran, as defined in section 27-103, [provided such amount shall be three thousand dollars] and (B) if death was due to service and occurred while on active duty (i) that portion of a dwelling, including a condominium, as defined in section 47-68a, a unit in a common interest community, as defined in section 47-202, and a mobile manufactured home, as defined in section 12-63a, and the lot upon which such dwelling sits, not to exceed two acres thereof, that (I) belongs to, or is held in trust for, any such surviving spouse, and (II) is occupied by such surviving spouse as the surviving spouse's primary

residence, or (ii) lacking such residence, one motor vehicle that belongs to, or is held in trust for, such surviving spouse and is garaged in this state. As used in this subparagraph, "dwelling" does not include any portion of the unit or structure used by such surviving spouse for commercial purposes or from which such surviving spouse derives any rental income;

This act shall take effect as follows and shall amend the following sections:		
Section 1	*from passage*	New section
Sec. 2	*from passage and applicable to assessment years commencing on or after October 1, 2024*	12-81(83)
Sec. 3	*October 1, 2025*	New section
Sec. 4	*from passage and applicable to assessment years commencing on or after October 1, 2024*	12-81(20)
Sec. 5	*from passage and applicable to assessment years commencing on or after October 1, 2024*	12-93
Sec. 6	*from passage and applicable to assessment years commencing on or after October 1, 2024*	12-94
Sec. 7	*from passage and applicable to assessment years commencing on or after October 1, 2024*	12-95
Sec. 8	*from passage and applicable to assessment years commencing on or after October 1, 2024*	12-93a
Sec. 9	*from passage and applicable to assessment years commencing on or after October 1, 2024*	12-81cc

Sec. 10	*October 1, 2025, and applicable to assessment years commencing on or after October 1, 2025*	12-81(22)

Statement of Legislative Commissioners:
In Section 1(4), "in accordance with said subdivisions" was added for clarity; and in Section 1(6), the first sentence was rewritten for consistency with standard drafting conventions.

VA *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 26 $	FY 27 $
Various Municipalities	Potential Cost	See Below	See Below
Various Municipalities	Net Grand List Increase	See Below	See Below
Various Municipalities	Grand List Reduction	See Below	See Below
Various Municipalities	Potentially Significant Grand List Reduction	See Below	See Below

Explanation

The bill makes various changes regarding property tax exemptions for certain veterans and their spouses, described herein.

Section 1 requires municipalities that adjust and republish their 2024 Grand List due to changes related to Sections 2 and 4 to (1) hear appeals related to the assessment of property for an additional time period and (2) send any changes to the Office of Policy and Management. This may result in a potential cost to municipalities in FY 25 associated with an increased number of appeal hearings.

The section also permits municipalities to make changes to their FY 26 budget and taxes that have been levied for FY 26. Any impact will be dependent on changes made to the FY 26 budget and taxes that have already been levied.

Section 2 results in a net grand list increase for municipalities in FY

26 and FY 27 to the extent that veterans with a permanently and totally disabled determination and a disability rating of less than 100% no longer qualify for the total property tax exemption described in Subdivision (83) of Section 12-81 of the CT General Statutes.

Additionally, the section results in a grand list reduction for municipalities by expanding the property tax exemption described above to include mobile manufactured homes and up to two acres of property owned by qualifying veterans or their spouses. A grand list reduction results in a revenue loss, given a constant mill rate. The extent of the grand list reduction depends on the number of qualifying veterans that own mobile manufactured homes, the amount of property that qualifying veterans own, the number of qualifying veterans, and the municipality in which their property is located.

Section 3 results in a potentially significant grand list reduction by giving municipalities the option to extend the property tax exemption described in Section 2 to spouses of members of the Armed Forces with a disability rating who died before October 1, 2024. The impact of this reduction will depend on the number of municipalities that approve the option and the number of qualifying spouses who own property in Connecticut, which is currently unknown.

The exemption in this section differs from Section 2 in the sense that there is no reference to a 100% disability rating or a permanent and total designation. This municipal option would apply to the spouse of a deceased veteran that had been assigned a disability rating of any kind.

Sections 4-9 make corresponding technical changes that do not result in a fiscal impact.

Section 10 results in a grand list reduction for municipalities by extending the property tax exemption described in Section 2 to the spouses of members of the Armed Forces who die due to their service while on active duty, effective October 1, 2025. The extent of the grand list reduction will correspond with the number of qualifying spouses who own property in Connecticut.

The Out Years

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

OLR Bill Analysis

sSB 1276

AN ACT CONCERNING A PROPERTY TAX EXEMPTION FOR VETERANS WHO ARE PERMANENTLY AND TOTALLY DISABLED BASED ON A DISABILITY RATING OF ONE HUNDRED PER CENT AND A PROPERTY TAX EXEMPTION FOR GOLD STAR SPOUSES.

SUMMARY

Beginning with the 2024 assessment year, current law fully exempts from property tax a primary dwelling or motor vehicle for each former service member (i.e., veteran) who has a service-connected permanent and total disability (a "P&T disability") rating from the U.S. Department of Veterans Affairs (U.S. DVA). This bill specifies that to qualify for the exemption the P&T disability must be based on a disability rating of 100% (see BACKGROUND). It also modifies the exemption's scope by, among other things, expanding it to cover up to two acres of the lot the dwelling sits on and narrowing it to exclude any portion of an otherwise-exempt dwelling used for commercial purposes or rented out.

The bill also (1) requires municipalities to similarly exempt a dwelling and lot or motor vehicle for the surviving spouses of service members whose deaths were service connected and occurred while on active duty (§ 10) and (2) allows municipalities to establish a similar property tax exemption for the surviving spouses of veterans with a U.S. DVA disability rating (even if it is not a permanent or 100% rating) who died before October 1, 2024 (§ 3).

Separately, the bill generally allows municipalities to amend their 2024 grand lists within 30 days after the bill's passage, and allows those that have adopted budgets or levied taxes for FY 26 to amend them. For towns that choose to make these adjustments, the bill allows taxpayers to appeal their assessments and sets procedural requirements for them

to do so (§ 1).

The bill also makes technical and conforming changes and extends several existing provisions on veterans' property tax exemptions to the P&T disability exemption, including provisions requiring veterans to file certain proof of their eligibility (§§ 5-7), applying the exemption to leased property (§ 8), and authorizing the exemption's portability to other towns (§ 9).

EFFECTIVE DATE: Upon passage and applicable to assessment years commencing on or after October 1, 2024, except that the (1) adjustments to the municipal budget cycle are effective upon passage; (2) municipal-option exemption becomes effective October 1, 2025; and (3) exemption for surviving spouses of eligible disabled veterans goes into effect on October 1, 2025, and is applicable to assessment years commencing on or after that date.

§§ 2 & 5-9 — PROPERTY TAX EXEMPTION BASED ON 100% P&T DISABILITY

Current law fully exempts from property tax a dwelling for each state resident with a P&T disability who (1) served in the U.S. Army, Navy, Marine Corps, Coast Guard, Air Force, or Space Force; (2) resides in the dwelling as his or her primary residence; and (3) files for the exemption with the town assessor. If the veteran does not have a qualifying dwelling, one motor vehicle he or she owns and keeps in the state is fully exempt instead. If the veteran owns neither, the exemption generally applies to the veteran's spouse's property if they live together.

The bill maintains these requirements but specifies that, to be eligible, a veteran's P&T disability must be based on a service-connected disability rating of 100%. Further, existing law also gives a partial property tax exemption to veterans with disability ratings of at least 10%. Under state law and the bill, if a veteran's disability rating changes so he or she no longer qualifies for the exemption being received, the veteran may apply for the exemption he or she now qualifies for.

By law, unchanged by the bill, if the qualifying veteran dies, the

exemption may transfer to his or her surviving spouse or minor children subject to certain conditions.

Eligible Property (§ 2)

Under the bill, when the exemption is applied to a dwelling it covers only the portion of the dwelling that the claimant (i.e., veteran, spouse, or minor child) owns and occupies as his or her primary residence. (For example, if the veteran owned both units of a duplex, only the unit the veteran lives in would be exempt.) Further, it excludes from the exemption any portion of a unit or structure used for commercial purposes or that provides rental income.

The bill also expands the exemption to cover (1) up to two acres of the lot the dwelling sits on; (2) qualifying property held in trust for the veteran; and (3) property belonging to the minor children of a deceased qualifying veteran, as well as property held in trust for them as existing law allows. Existing law specifies that condominiums and common interest community units may qualify as exemptible dwellings. The bill additionally specifies that mobile manufactured homes may also qualify.

Leased Property (§ 8)

Under existing law, a veteran's property tax exemption may be applied to certain property he or she leases. This includes a (1) resident's primary dwelling that is located on leased land if the lease is recorded in the land records and requires the resident to pay all property taxes related to the dwelling and (2) motor vehicle the resident leases. The bill extends these provisions to the 100% P&T exemption.

Portability of the Exemption (§ 9)

By law, most veteran property tax exemptions that municipalities must provide are portable between municipalities. This means veterans who have established their entitlement to an exemption in one town remain eligible for it if they move to another town during the tax year (even if they miss the application deadline in the second town). The bill adds the 100% P&T property tax exemption to the list of portable

veteran tax exemptions.

Documentation, Eligibility, and Verification (§§ 5-7)

Under existing law, any taxpayers claiming a veteran-related property tax exemption must provide proof of their eligibility to the municipality in which they claim it. The bill specifies that for the 100% P&T exemption, this includes all documentation necessary to prove the U.S. DVA has determined the veteran is permanently and totally disabled based on a service-connected disability rating of 100%. Taxpayers claiming this exemption must also attest that they have not and will not file for this exemption in another town.

By law, the municipal assessor must annually make a list of taxpayers he or she has certified as entitled to a veteran-related exemption. Unless the law requires an annual application, taxpayers on the list are generally eligible to continue receiving the exemption so long as they continue residing in the town. However, the assessors may, at any time, require any taxpayer to appear in person to provide proof that he or she is still eligible for the exemption. As the law does for other exemptions, the bill allows taxpayers claiming the 100% P&T disability exemption to instead provide documentation certifying they are unable to make a personal appearance. For this exemption, taxpayers may certify their inability to appear in person with U.S. DVA documentation of their 100% P&T disability (rather than a doctor or nurse's note confirming a total disability and any other documents the assessor requires).

More generally, the law prohibits taxpayers from receiving an exemption until they provide the proof the law requires. The bill further requires that if a taxpayer's eligibility for this exemption is modified (e.g., his or her disability rating is changed to less than 100%), then he or she must provide proof of this.

§ 3 — MUNICIPAL OPTION EXEMPTION FOR SURVIVING SPOUSES

The bill authorizes a municipality, upon its legislative body's approval, to offer a property tax exemption to unmarried surviving spouses of any state residents who (1) served in the U.S. Army, Navy,

Marine Corps, Coast Guard, Air Force, or Space Force; (2) received a U.S. DVA service-connected disability rating; and (3) died before October 1, 2024. (Unlike for the exemption for veterans with a P&T disability, this exemption does not require a 100% or permanent rating to qualify for it.)

If adopted, the exemption fully exempts the portion of the primary dwelling belonging to or held in trust for the spouse, as well as up to two acres of the lot the dwelling sits on. Under the bill, a dwelling includes a condominium, a unit in a common interest community, or a mobile manufactured home, but it does not include any portion of a unit or structure used for commercial purposes or that provides rental income.

If the spouse does not have a qualifying dwelling, the exemption instead applies to one motor vehicle kept in the state that belongs to, or is held in trust for, the spouse.

As required under existing law and for the other exemptions in this bill (see §§ 5-7 above), surviving spouses must submit proof to the assessor of their eligibility for the exemption, including evidence of the veteran's qualifying disability rating. As existing law allows for other veterans' property tax exemptions, the bill allows surviving spouses to file proof of their eligibility late under certain conditions and receive a property tax abatement or refund, subject to limitations.

§ 10 — GOLD STAR SPOUSE EXEMPTION

By law municipalities must provide a property tax exemption to the unmarried surviving spouses of certain veterans or service members whose deaths were service connected and occurred while on active duty.

Under current law, the exemption consists of a base amount of $3,000 plus either an additional 50% or 200% of the base exemption amount, depending on whether the spouse's income is above or below a set threshold (CGS § 12-81g). The law requires municipalities to increase these amounts if a revaluation results in a grand list increase of a certain

amount (CGS § 12-62g).

Alternatively, municipalities may also provide a property tax exemption to any parent or surviving spouse of a service member killed in action while performing active military duty with the U.S. Armed Forces (i.e., "Gold Star" parent or surviving spouse). A municipality may exempt up to $20,000 or 10% of the assessed value of real or personal property.

To be eligible for the exemption, the income of the Gold Star parent or surviving spouse cannot exceed (1) the state's income limit for a single person for other veterans' property tax exemptions (currently $45,200) or (2) an amount the municipality sets, up to $25,000 more than the state limit (CGS § 12-81ii).

The bill instead requires municipalities to fully exempt for each eligible surviving spouse a dwelling plus up to two acres or, alternatively, one motor vehicle, as it requires for veterans with a 100% P&T disability. (However, the bill does not change the existing law's requirements that the surviving spouse receive an additional 50% or 200% of the base exemption, which the municipality must increase after certain revaluations. It is unclear how this additional amount or increase would be calculated since, under the bill, the base exemption is a dwelling or motor vehicle rather than a set dollar amount.)

The bill similarly limits the exemption to exclude any portion of a dwelling used as commercial property or that generates rental income.

As under existing law, this exemption is subject to assessor verification, limitations on the number of exemptions that a person may claim, and proof of eligibility requirements.

§ 1 — GRAND LIST ADJUSTMENTS, TAX APPEALS, AND BUDGET AND TAX LEVY CHANGES

The bill authorizes municipalities that adopted a 2024 grand list before the bill's passage to make certain adjustments to their 2024 grand lists and FY 26 budgets and tax levies. For towns that choose to make

these adjustments, the bill also allows taxpayers to appeal their assessments and sets procedural requirements for these appeals hearings.

Adjustments to 2024 Grand List

Current law generally requires municipal assessors to publish the grand lists for their towns by January 31 annually, unless they are granted an extension under the law. The bill authorizes any municipal assessor that published the grand list for the October 1, 2024, assessment year (i.e., the 2024 grand list) before the bill's passage to disregard, adjust, and republish the grand list no later than 30 days after the bill's passage.

Extended Assessment Appeals Period

In towns that published their 2024 grand lists before the bill's passage, the bill allows taxpayers who are aggrieved by an assessor's actions to appeal those actions to the town's board of assessment appeals during the 15 days after the bill's passage. It does so regardless of the laws that otherwise generally set a February 20 deadline for filing these appeals.

The bill requires the boards to meet to hear appeals over a 31-day period, from 60 to 90 days after the bill's passage. As under existing law, they must hear the appeals on business days, which may be Saturdays.

The bill's timelines allow towns to provide notice before a hearing, but its procedures do not require it. Under the bill, the boards of assessment appeals must, within 60 days after the bill's passage, notify each taxpayer who filed an appeal of either the (1) appeal hearing's date, time, and place or (2) board's determination that it has elected not to hold an appeal hearing.

It does this regardless of the law that otherwise (1) requires boards to hold a hearing on any appeal except those for commercial, industrial, utility, or apartment properties assessed at over $1 million; (2) requires boards to notify these appellants by March 1 about their decision not to hold a hearing; and (3) allows these appellants to appeal the board's

decision not to hold a hearing directly to Superior Court.

Submission of Corrected 2024 Grand List

Under the bill, municipal assessors in these towns must, no later than 120 days after the bill's passage, transmit a report (abstract) of the grand list that the board of assessment appeals examined and corrected to the Office of Policy and Management secretary. It does so regardless of the law that otherwise requires it to file this report by May 1.

FY 26 Budget and Tax Adjustments

The bill authorizes municipalities that have already adopted a budget or levied taxes for FY 26 to adjust them. Municipalities may (1) amend their budgets in the same way they originally adopted them and (2) adjust their tax levy and any remaining tax installments. If they levied a tax for FY 26 due in a single installment, they may mail or hand deliver taxpayers a supplemental tax bill for any additional taxes resulting from the adjusted tax levy.

The bill allows municipalities to make these adjustments regardless of any conflicting requirements in special acts, municipal charters, home rule ordinances, or laws on municipalities or levying and collecting property taxes.

BACKGROUND

Permanent and Total Disability Ratings

The U.S. DVA assigns disability ratings, expressed as a percentage, based on the severity of an individual's service-connected condition or conditions. These percentages are generally established through a "schedule" by evaluating disabilities that are documented during the veteran's service and awarding a certain percentage for each disability. These percentages are cumulative with a maximum rating of 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.

The U.S. DVA may determine a veteran is eligible to receive benefits for a P&T disability even if the veteran's disability is rated at less than 100%. For example, a veteran who receives a total disability based on individual unemployability (i.e., TDIU) rating receives benefits at the same level as an individual who has a 100% disability rating, even though he or she may not meet the criteria for a 100% schedular rating.

Related Bill

HB 7067 (§§ 4-6), as passed by the House and Senate, makes similar changes regarding (1) eligibility for veterans determined by the U.S. DVA to be permanently and totally disabled based on a service-connected disability rating of 100%, (2) the exemption's applicability to minor children's property, and (3) adjustments to the municipal budget cycle.

COMMITTEE ACTION

Veterans' and Military Affairs Committee

Joint Favorable Substitute
Yea 20 Nay 0 (02/18/2025)