
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)