
OLR Bill Analysis

sSB 1128

AN ACT CONCERNING CERTAIN PROPERTY TAX EXEMPTIONS FOR VETERANS.

SUMMARY

This bill increases by 1.5% the property tax exemption amounts set in statute (referred to as “basic exemptions”) that municipalities must give eligible members of the armed forces, veterans and, in some cases, their surviving spouses, minor children, or parents. In doing so, it also increases the additional, income-based exemptions for these recipients, the amounts of which are based on the basic exemption amounts.

For service members with a U.S. Department of Veterans Affairs (DVA) disability rating of 100%, the bill fully exempts (1) an owner-occupied home and its lot or (2) two motor vehicles. Current law gives these service members a basic exemption of at least \$3,500, plus an additional income-based exemption.

The bill also (1) increases the exemption amounts that municipalities may give to certain individuals who qualify for the basic exemptions and to veterans who do not qualify for other exemptions, and (2) makes conforming changes.

EFFECTIVE DATE: October 1, 2023, and applicable to assessment years beginning on or after that date.

MANDATORY PROPERTY TAX EXEMPTIONS

Basic Exemptions

By law, municipalities must give certain eligible service members, veterans, and in some cases their families, property tax exemptions (i.e., a reduction in a property’s assessed value on which taxes are owed, which are not credits against the total amount owed). Generally, these exemptions are composed of two parts: (1) a basic exemption based on

a dollar amount specified in statute and (2) an income-based exemption equal to either 50% or 200% of the basic exemption, depending on whether the recipient's income exceeds a statutorily set threshold. The basic exemption amounts in statute are the minimum amounts municipalities must provide. Under existing law and the bill, municipalities must increase these amounts if a revaluation results in a grand list increase of a certain amount (CGS § 12-62g).

For each basic exemption, the table below broadly describes its eligibility requirements and compares its amount under current law and the bill.

Table: Mandatory Basic Exemptions

Bill §	Overview of Eligibility Requirements	Exemption Amount	
		Current Law	Bill
1(19)	Veteran or active service member with wartime service and 30-year retirees from the armed forces ¹	\$1,000	\$1,015
1(20)	Current or former service member with a U.S. DVA rating of: <div style="text-align: right; margin-right: 100px;">10% to 25%</div> <div style="text-align: right; margin-right: 100px;">More than 25% to 50%</div> <div style="text-align: right; margin-right: 100px;">More than 50% to 75%</div> <div style="text-align: right; margin-right: 100px;">More than 75% but less than 100%</div> <div style="text-align: right; margin-right: 100px;">At least 10% and ages 65 or older</div> <div style="text-align: right; margin-right: 100px;">100%</div>	\$2,000 \$2,500 \$3,000 \$3,500 \$3,500 \$3,500 (see below)	\$2,030 \$2,538 \$3,045 \$3,553 \$3,553 Full exemption for house and lot or two vehicles (see below)
1(20)	Current or former service member receiving U.S. pension, annuity, or other compensation due to loss in service of a leg, arm, or an equivalent loss ¹	Up to \$3,500	Up to \$3,553
1(21)	Veteran with a severe service-connected disability (e.g., amputation of both arms, legs, hands, or feet) ¹	\$10,000	\$10,150
1(21)	Veteran with a service-related injury resulting in loss of one arm or one leg ¹	\$5,000	\$5,075

Bill §	Overview of Eligibility Requirements	Exemption Amount	
		Current Law	Bill
1(22)	Unmarried surviving spouse or minor child of deceased service member or veteran	\$1,000	\$1,015
1(22)	Unmarried surviving spouse or minor child of service member whose death was due to, and occurred during, active duty service	\$3,000	\$3,045
1(23)	Unmarried surviving spouse of service member if the spouse receives or received a U.S. pension, compensation, or annuity	\$1,000	\$1,015
1(24)	Surviving spouse or minor child who receives compensation from the U.S. DVA and whose service member-spouse or -parent's death was due to, and occurred during, active duty service	\$3,000	\$3,045
1(25)	Sole surviving parent of an unmarried deceased veteran or service member who served during a period of war	\$1,000	\$1,015
1(26)	Service member or veteran's parent who receives or received a U.S. pension, annuity, or other compensation ¹	\$1,000	\$1,015

¹If the qualifying individual does not have enough property to use the full exemption amount, the exemption may apply to his or her spouse's property if they live together.

Exemption for a 100% Disability Rating

Current law gives current and former service members who have a U.S. DVA disability rating of 100% a basic exemption of \$3,500 (increased after certain revaluations), plus an additional income-based exemption equal to (1) one-half the basic exemption if the service member's income is above \$18,000 (\$21,000 if married) or (2) twice the basic exemption if his or her income is below the threshold. The bill instead fully exempts for these service members, regardless of their income, either (1) a dwelling, and lot, they own and live in or (2) up to two motor vehicles they own or lease, including either property type held for the service member in a trust.

The bill changes this property tax exemption from a set dollar amount (the basic and income-based exemptions) to a property-based exemption (a house or cars). It is unclear how this exemption will apply to related laws on the transferability of a service member's exemption (e.g., to a spouse, surviving spouse, or minor child), as existing law

appears to contemplate transferring an exemption for a set dollar amount.

The bill also makes a conforming change, eliminating the municipal option to give an increased income-based exemption (equal to three times the basic exemption) to those with a 100% disability rating.

MUNICIPAL OPTION PROPERTY TAX EXEMPTIONS

The law allows municipalities, upon approval of their legislative bodies, to increase exemption amounts for certain people who qualify for the basic exemptions, and to give an exemption to veterans who do not qualify for other exemptions (e.g., do not have a qualifying period of wartime service or disability). For each of these exemptions, the table below shows a brief description of its eligibility requirements and compares its amount under current law and the bill.

Table: Municipal Option Exemptions

<i>Bill §</i>	<i>Overview of Eligibility Requirements</i>	<i>Exemption Amount</i>	
		<i>Current Law</i>	<i>Bill</i>
2(a)	Additional amount for wartime veterans or active service members and 30-year retirees (who qualify under § 1(19) above) whose incomes are below a set threshold	Up to \$20,000 or up to 10% of the property's assessed value ¹	Up to \$30,000 or up to 10% of the property's assessed value ¹
2(b)	Additional amount for service members with a disability rating of at least 10% (who qualify under § 1(20) above) and incomes below a set threshold	At least \$3,000 ¹	At least \$4,500 ¹
2l	Additional amount for surviving spouses (who qualify under § 1(22) above) with incomes below a set threshold	Up to \$20,000 or up to 10% of the property's assessed value ¹	Up to \$30,000 or up to 10% of the property's assessed value ¹
5	An exemption for veterans who are ineligible for the other exemptions and have incomes below a set threshold	Up to \$5,000 or up to 5% of the	Up to \$7,500 or up to 5% of the

Bill §	Overview of Eligibility Requirements	Exemption Amount	
		Current Law	Bill
		property's assessed value	property's assessed value

¹By law, the municipality must increase the exemption amount if a revaluation results in a grand list increase of a certain amount (CGS § 12-62g).

BACKGROUND

Related Bills

HB 6004 (File 225), favorably reported by the Veterans' and Military Affairs Committee, eliminates the requirement that a veteran have wartime service to be eligible for certain state benefits (including the basic property tax exemption). In doing so, it expands eligibility for these benefits to all otherwise qualifying veterans.

sHB 5510 (File 20), favorably reported by the Veterans' and Military Affairs Committee, expands the general definitions of "armed forces" and "members of armed forces" under state law to include the U.S. Space Force (USSF). In doing so, it makes USSF members eligible for certain state benefits, including certain property tax exemptions.

COMMITTEE ACTION

Veterans' and Military Affairs Committee

Joint Favorable Substitute Change of Reference - APP
 Yea 20 Nay 0 (03/07/2023)

Appropriations Committee

Joint Favorable
 Yea 52 Nay 0 (04/20/2023)