



## VETERANS' PROPERTY TAX EXEMPTIONS

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### ISSUE

Provide an overview of Connecticut's veterans' property tax exemptions.

### SUMMARY

The law requires municipalities to give wartime veterans and their surviving spouses certain property tax exemptions, commonly referred to as state-mandated exemptions. With their legislative bodies' approval, municipalities may grant an additional exemption, commonly referred to as a local-option exemption. The exemption amount is a reduction in the property's assessed value on which taxes are owed, not a credit against the amount of the tax.

Additionally, the law requires municipalities to increase state-mandated and local-option exemptions if a revaluation done on and after October 1, 1990 results in a grant list increase ([CGS § 12-62g](#)). (For more information on property tax revaluation, see OLR Report [2014-R-0280](#).)

Veterans rated by the U.S. Veterans Administration (VA) as having a disability are eligible for property tax exemptions over and above those available to other veterans, provided they meet specified criteria. The exemption amount depends on the severity of the disability and other factors, including the veteran's income.

Veterans' exemptions are not automatic. By law, eligible claimants must apply for them and provide proof of eligibility.

### GENERAL VETERANS' PROPERTY TAX EXEMPTIONS

#### *Eligibility*

A veteran is eligible for a property tax exemption if he or she served for at least 90 days (cumulative) in the U.S. Armed Forces or any government associated with the United States during specified periods and actions (see Attachment 1). Veterans still in the service are eligible if they meet the 90-day war service requirement, and those who retire after 30 years of service are also eligible. World War II veterans

with certain Merchant Marine Service and military service with allied armies also qualify. A veteran's spouse is ordinarily entitled to the property tax exemption for which the deceased veteran qualified. A sole surviving parent and the minor child of a veteran (who died while serving in the armed forces or after receiving an honorable discharge) is also entitled to an exemption ([CGS § 12-81\(19\)](#)).

### ***State-Mandated Exemptions***

The main state-mandated veterans' property tax exemptions in Connecticut are granted through two statutes: [CGS § 12-81\(19\)](#) requires municipalities to exempt from taxation \$1,000 of the property owned by a veteran or his or her surviving spouse. [CGS § 12-81g](#) requires municipalities to give veterans who get the basic exemption an additional income-based exemption. For a veteran whose income falls below a certain statutorily determined limit, the additional exemption is equal to twice the basic exemption ([CGS § 12-81g\(a\)](#)). For a veteran whose income exceeds the limit, the additional exemption is 50% of the basic exemption ([CGS § 12-81g\(d\)](#)).

By law, the Office of Policy and Management (OPM) updates the income limits annually to reflect the amount of the Social Security Administration's cost-of-living adjustment ([CGS §§ 12-81i & 12-170aa\(b\)\(2\)](#)). The 2014 income limits for nondisabled veterans were \$34,600 for unmarried veterans and \$42,200 for married veterans (joint income) (see OPM Question and Answer [Booklet for Tax Relief Programs](#)). Thus, a non-disabled, unmarried veteran whose income is \$34,600 or less is entitled to a \$3,000 exemption; if the veteran's income is above \$34,600, the exemption is \$1,500.

### ***Local-Option Exemption***

A municipality, with its legislative body's approval, may provide an additional exemption to veterans entitled to the state-mandated exemptions and may establish a higher income limit for this exemption than the limit in effect for the state-mandated additional exemption ([CGS § 12-81f](#)). Municipalities that offer this optional exemption can establish an income limit of up to \$25,000 over the state-mandated exemption income limits.

The exemption may be a dollar (up to \$10,000) or percentage (10%) reduction in the property's assessed value. Thus, in a municipality that offers the maximum 10% exemption, a veteran whose house is assessed at \$200,000 is eligible for a \$20,000 exemption.

## **EXEMPTIONS FOR VETERANS WITH DISABILITIES**

Veterans with a VA disability rating of 10% or more are eligible for exemptions ranging from a minimum of \$1,500 to \$3,000, irrespective of the cause of the disability. Veterans with a severe, service-related disability rating are eligible for exemptions ranging from a minimum of \$5,000 to \$10,000. Veterans in the latter category may claim both exemptions, provided they meet the criteria for the first exemption.

### ***Exemption for Disabled Veterans***

The law provides property tax exemptions to veterans with a VA-rated disability of at least 10% ([CGS § 12-81\(20\)](#)). (The disability does not have to be service-related, and unlike the exemptions for non-disabled veterans, the veteran does not have to have served during wartime to qualify.)

The disability ratings and minimum exemption amounts are as follows:

<b><i>Disability Rating</i></b>	<b><i>Exemption Amount</i></b>
10%-25%	\$1,500
26%-50%	2,000
51%-75%	2,500
76%-100%	3,000
At least 10% if age 65 or older	3,000

The exemption increases automatically when the veteran reaches age 65. Even if the veteran's disability is only 10%, the exemption increases to \$3,000, as of the October 1 after the veteran turns 65.

### ***Exemptions for Severe Service-Connected Disabilities***

Veterans with severe, service-connected disabilities are eligible for a state-mandated property tax exemption ([CGS § 12-81\(21\)](#)). The minimum exemption amount is \$5,000 for the loss of the use of an arm or a leg or \$10,000 for:

1. permanent loss of use of both legs or permanent paralysis of both legs and lower parts of the body;
2. permanent paralysis of one leg and one arm on either side of the body resulting from injury of the spinal cord, skeletal structure, or brain or from spinal cord disease;

3. amputation of both arms, both legs, both hands, or both feet or a combination of a hand and a foot; or
4. total blindness.

The exemption can be applied only to a veteran's residence (the dwelling and lot). If the residence is not a single-family home, the exemption can be applied only to the part of the building and lot the veteran occupies. In the case of a married couple, either spouse may own, hold life use in, or be the beneficiary of a trust with respect to the property. But the property must be the veteran's domicile or permanent residence.

### ***Additional Income-Based Exemption***

[CGS § 12-81g](#) requires municipalities to give veterans who receive a disability or severe service-connected exemption an additional income-based exemption. For a veteran whose income falls (1) below a certain statutorily determined limit, the additional exemption is equal to twice the exemption ([CGS § 12-81g\(a\)](#)) and (2) above the limit, the additional exemption is 50% of the exemption ([CGS § 12-81g\(d\)](#)). For 100% disabled veterans, the law statutorily sets the limit at \$18,000 for unmarried veterans and \$21,000 for married veterans, while others with disabilities have the limit set by OPM (see above).

The law allows a municipality, with its legislative body's approval, to increase the additional exemption from double to triple the allowed exemption for any veteran who has a 100% disability rating and meets the above income limits ([CGS § 12-81g\(b\)](#)).

### ***Other Local-Option Exemptions***

***Specially Equipped Motor Vehicle.*** The law allows a municipality to grant a property tax exemption, in an amount it determines, on one motor vehicle owned by a veteran who qualifies for an exemption for a disability under [CGS § 12-81\(20\)](#) or a severe service-connected disability under [CGS § 12-81\(21\)](#). The vehicle must be specially equipped to accommodate the veteran's disability ([CGS § 12-81h](#)).

***Specially Adapted House.*** The law allows municipalities to completely exempt from property taxes a veteran's house and house lot acquired or modified under a federal financial aid program for specially adapted housing for veterans ([CGS § 12-81\(21\)\(C\)](#)). (A specially adapted home is one outfitted to make it suitable for someone who has lost his limbs or eyesight.)

**ATTACHMENT 1: POST-1940 "SERVICE IN TIME OF WAR"**

<b>Operation</b>	<b>Date</b>	<b>Service Condition</b>
World War II	12/07/41-12/31/47*	Active service during the war
Korean War	06/27/50-01/31/55	Active service during the war
Lebanon Conflict	07/01/58-11/01/58 or 09/29/82-03/30/84	Combat or combat-support role in Lebanon
Vietnam Era	02/28/61-07/01/75	Active service during the war
Grenada invasion	10/25/83-12/15/83	Combat or combat-support role in Grenada required
Operation Earnest Will (escort of Kuwaiti tankers flying U.S. flag in Persian Gulf)	07/24/87-08/01/90	Combat or combat-support role required in the operation
Panama invasion	12/20/89-01/31/90	Combat or combat-support role required in the invasion
Persian Gulf War	08/02/1990 until a date prescribed by the President or law	Active service anywhere during the war (not necessarily in the Persian Gulf or in a combat role)

\*Ending dates specified in [CGS § 12-86](#) for property tax exemptions.

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