
OLR Bill Analysis

sHB 5367 (as amended by House "A")*

AN ACT CONCERNING MOTOR VEHICLE MARKER PLATES FOR CERTAIN VETERANS AND SERVICE MEMBERS, TAX RELIEF FOR VETERANS, MUNICIPAL VETERANS SERVICES AND TECHNICAL REVISIONS TO VETERANS' AND MILITARY AFFAIRS STATUTES.

SUMMARY

This bill establishes a local option property tax exemption for income-qualifying veterans' primary residences. A municipality may adopt the exemption by a vote of its legislative body (or board of selectman if the legislative body is a town meeting). This tax exemption is separate from the state-mandated and local option veterans property tax exemptions under existing law (see BACKGROUND). The local option exemptions under existing law generally have a lower allowable income threshold or more restrictive eligibility requirements (e.g., wartime service or a qualifying disability) than the exemption established under the bill (§ 33).

Under the bill, the exemption (1) is available to veterans with up to \$50,100 in federal adjusted gross income (AGI) and (2) equals 10% of the assessed value of a dwelling the veteran owns and uses as a primary residence. A "veteran" is anyone who was honorably discharged, released under honorable conditions, or released with an other than honorable discharge, based on a qualifying condition, from active service in the armed forces (see BACKGROUND).

The bill also:

1. allows the motor vehicles commissioner to provide special registration marker plates to certain individual who served while engaged in a combat or combat support role in Afghanistan or Iraq (§§ 1 & 2);
2. establishes an eight-member task force to evaluate state property

tax relief for veterans and make recommendations about whether there should be tax relief adjustments (§ 31);

3. requires the Office of Policy and Management (OPM) secretary, jointly with the veterans affairs commissioner, to annually provide a written notice to municipalities and veterans' organizations informing them about the property tax exemptions that a municipality may choose to approve for veterans, veterans' relatives or spouses, or people killed in action while on active military duty with the armed forces (§ 34);
4. requires the veterans affairs commissioner to submit to the Veterans' Affairs Committee, by September 1, 2022, recommendations for improvements regarding municipal veterans' representatives to ensure the consistent, effective, and efficient provision of services (see BACKGROUND) (§ 32); and
5. makes numerous technical changes (§§ 1-30).

*House Amendment "A" (1) strikes the underlying bill's working group on veterans' property tax relief and replaces it with a similarly focused task force and (2) adds the provisions on the (a) new local option property tax exemption and (b) written notice about permissive municipal property tax exemptions for veterans and certain other individuals.

EFFECTIVE DATE: October 1, 2022, except the property tax task force and municipal veterans' representative provisions are effective upon passage.

§ 33 — PROPERTY TAX EXEMPTION ADMINISTRATION

Veterans may not receive the bill's local option property tax exemption until they have proven their right to the exemption consistent with the bill. Once proven, the exemption takes effect on the next succeeding assessment day.

Application

The bill requires a veteran claiming an exemption to notify the town

clerk in the municipality where the residence is located that he or she is entitled to an exemption. Veterans must apply for the exemption, in a form prepared by the municipal assessor, by the assessment date. The application must include either (1) a certified copy of the veteran's military discharge document or (2) in its absence, at least two affidavits from disinterested individuals showing the applicant is a veteran (the assessor may additionally require that the applicant be examined under oath about the facts in the affidavits). It must also include the veteran's federal income tax return for the preceding tax year or, if one is not filed, other evidence the assessor requires.

Under the bill, a town clerk must record the discharge documents or affidavits in full and list the veteran's name without payment. The bill prohibits assessors, boards of assessment appeals, and other officials from allowing claims for this exemption unless the required documents are filed with the clerk. Veterans who are approved for the exemption must file for the exemption every two years.

List of Qualifying Veterans

Municipal assessors must annually create a certified list of all veterans who are found to qualify for an exemption under the bill. The list must be filed in the clerk's office and is prima facie evidence that a veteran is entitled to an exemption, so long as he or she continues to use the dwelling as his or her primary residence.

Additional Evidence and Personal Appearance

At any time, an assessor may require a veteran to appear before him or her to provide additional evidence. But any veteran who is unable to appear because of total disability may give the assessor (1) a statement from his or her physician or nurse practitioner certifying that the veteran is totally disabled and cannot make a personal appearance and (2) other evidence of total disability deemed appropriate by the assessor.

Presumption of Eligibility

Under the bill, veterans who have applied and been approved for the exemption in any year are presumed to also qualify for the exemption in the next year following approval. During that year, the assessor must

give the veteran written notice that he or she is presumed to qualify. If the veteran's income exceeds \$50,100, the veteran (1) must notify the assessor by the next filing date for the exemption and (2) will be denied the exemption until he or she has applied and qualified once again. Veterans who fail to notify assessors of their disqualification must repay the municipality for its property tax loss related to the improperly taken exemption.

§§ 1 & 2 — SPECIAL REGISTRATION MARKER PLATES

This bill allows the motor vehicles commissioner to provide special registration marker plates to individuals who received a campaign medal and served while engaged in combat or in a combat support role in Afghanistan (from October 24, 2001, to August 30, 2021) or Iraq (from March 19, 2003, to December 31, 2011, and June 1, 2014, to December 9, 2021). It does so by explicitly adding these conflicts and dates to the "period of war" definition in the veterans statutes. By law, these plates have the words "(Name of War) Veteran" and the motor vehicles commissioner may charge a fee for them to cover the entire cost of their production.

§ 31 — VETERANS' PROPERTY TAX TASK FORCE

Purpose

The bill establishes an eight-member task force to (1) evaluate state property tax exemptions, abatements, and other relief for veterans; (2) make recommendations about whether there should be adjustments to the relief for it to align more effectively with the intent of the relief when it was enacted; and (3) create a list of Connecticut municipalities with local property tax relief and the type of relief available in each.

The task force must report its findings and recommendations to the Veterans' Affairs and Planning and Development committees by January 1, 2023.

Membership and Appointments

Under the bill, the task force members must be appointed as follows: two each by the House speaker and the Senate president pro tempore, and one each by the House and Senate majority and minority leaders.

Task force members may also be legislators.

The bill requires (1) the initial appointments to be made within 30 days after the bill's passage and (2) any vacancy to be filled by the appointing authority.

Administration

The bill requires the House speaker and Senate president pro tempore to select the task force's chairpersons from among its membership. The first meeting must be scheduled to occur within 60 days after the bill's passage.

The bill requires the Veterans' Affairs Committee's administrative staff to serve as the task force's administrative staff. The task force ends when it submits its report to the legislature or January 1, 2023, whichever is later.

BACKGROUND

Qualifying Condition

By law, a "veteran" is anyone who was honorably discharged, released under honorable conditions, or released with an other than honorable discharge based on a qualifying condition from active service in the armed forces. A "qualifying condition" is a diagnosis of post-traumatic stress disorder or traumatic brain injury, a disclosed military sexual trauma, or a determination that sexual orientation, gender identity, or gender expression was more likely than not the primary reason for the other than honorable discharge (CGS § 27-103).

Existing Veterans Property Tax Exemptions

By law, municipalities must provide property tax exemptions to qualifying 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)).

With their legislative bodies' approval, municipalities may grant certain additional exemptions (municipal-option exemptions) to these veterans and others who do not qualify for the state-mandated

exemptions. For example, municipalities may provide a property tax exemption to veterans who have incomes below a municipally-set threshold and are ineligible for any of the exemptions for wartime, retired, or disabled veterans. Under this program, a municipality may exempt up to \$5,000 or 5% of a property's assessed value. The municipality may set the qualifying income threshold at the OPM-set amount or a higher amount (CGS § 12-81jj).

An individual's eligibility for an exemption is often contingent on the veteran's qualifying factors, such as an income below a set threshold. With certain exceptions, exemptions based on a veteran's income level use a statutorily-set threshold that OPM annually updates. For 2022, the income limit is \$38,100 for individuals and \$46,400 for married joint filers, based on 2021 income.

Municipal Veterans' Representatives

The law requires a municipality to designate a municipal employee or a volunteer to serve as its municipal veterans' representative if it does not have its own local veterans' advisory committee or otherwise fund a veterans' service officer. Under the law, these representatives have the same duties as a local veterans' advisory committee, which may include, among other things, coordinating the activities of public and private facilities concerned with veteran reemployment, education, rehabilitation, and adjustment to peacetime living.

Among other things, the municipal veterans' representative must (1) be a veteran or have practical experience handling veterans' issues, (2) take training from the Department of Veterans' Affairs' Office of Advocacy and Assistance, and (3) be available to veterans a minimum number of hours per week as the municipality may establish (CGS § 27-135).

Related Bill

sHB 5478 (File 603), reported favorably by the Finance, Revenue and Bonding Committee, contains nearly identical provisions concerning the new property tax exemption and the written notice about permissive municipal property tax exemptions for veterans and certain other

individuals.

COMMITTEE ACTION

Veterans' Affairs Committee

Joint Favorable Substitute

Yea 16 Nay 0 (03/15/2022)