
OLR Bill Analysis

sHB 5478

AN ACT CONCERNING A PROPERTY TAX EXEMPTION FOR CERTAIN VETERANS AND THE PROVISION OF WRITTEN NOTICE TO MUNICIPALITIES AND VETERANS' ORGANIZATIONS OF CERTAIN OPTIONAL MUNICIPAL PROPERTY TAX EXEMPTIONS.

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.

Under the bill, the exemption (1) is available to veterans with \$50,100 or less in federal adjusted gross income (AGI) and (2) equals 10% of the assessed value of any 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 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.

EFFECTIVE DATE: October 1, 2022

TAX EXEMPTION ADMINISTRATION

Under the bill, veterans may not receive the 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 the copy's 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.

BACKGROUND

Qualifying Conditions

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 three categories of veterans. They must provide the 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 that are based on a veteran's income level use a statutorily-set threshold that the OPM annually updates. For 2022, the income limit is \$38,100 for individuals and \$46,400 for married joint filers, based on 2021 income.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 51 Nay 0 (04/06/2022)