



House of Representatives

General Assembly

File No. 603

February Session, 2022

Substitute House Bill No. 5478

House of Representatives, April 25, 2022

The Committee on Finance, Revenue and Bonding reported through REP. SCANLON of the 98th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

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.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2022*) (a) Any municipality, by
2 vote of its legislative body or, in a municipality where the legislative
3 body is a town meeting, by vote of the board of selectmen, may provide
4 that any veteran, as defined in section 27-103 of the general statutes,
5 whose federal adjusted gross income is fifty thousand one hundred
6 dollars or less shall be entitled to an exemption from the tax imposed
7 under chapter 203 of the general statutes on any dwelling owned and
8 occupied by such veteran as such veteran's primary residence, in an
9 amount equal to ten per cent of the assessed value of such primary
10 residence.

11 (b) (1) Any veteran who claims an exemption under subsection (a) of

12 this section shall give notice to the town clerk of the municipality in
13 which such primary residence is located that such veteran is entitled to
14 such exemption.

15 (2) Any veteran submitting a claim for such exemption shall file an
16 application, on a form prepared by the assessor of the municipality in
17 which such primary residence is located, not later than the assessment
18 date with respect to which such exemption is claimed, which
19 application shall include (A) (i) a certified copy of such veteran's
20 military discharge document, as defined in section 1-219 of the general
21 statutes, or (ii) in the absence of such certified copy, at least two
22 affidavits of disinterested individuals showing that the claimant is a
23 veteran, provided the assessor may further require such claimant to be
24 examined by such assessor under oath concerning the facts contained in
25 such affidavits, and (B) a copy of such veteran's federal income tax
26 return or, in the event such a return is not filed, such evidence as may
27 be required by the assessor, for the tax year of such veteran ending
28 immediately prior to the assessment date with respect to which such
29 exemption is claimed. The town clerk of the municipality in which such
30 primary residence is located shall record the certified copy or affidavits
31 submitted pursuant to subparagraph (A) of this subdivision in full and
32 shall list the name of such veteran, and such service shall be performed
33 by such town clerk without remuneration. No assessor, board of
34 assessment appeals or other official shall allow any such claim for
35 exemption unless the certified copy or affidavits specified in this
36 subsection have been filed with the office of the town clerk. Any veteran
37 who has submitted a claim for such exemption and received approval
38 for the first time shall file for such exemption biennially thereafter,
39 subject to the provisions of subdivision (3) of this subsection.

40 (3) The assessor of such municipality shall annually make a certified
41 list of all such veterans who are found to be entitled to an exemption
42 under the provisions of this section, which list shall be filed in the town
43 clerk's office and shall be prima facie evidence that any veteran whose
44 name appears on such list is entitled to such exemption, subject to the
45 provisions of subsection (c) of this section, as long as such veteran

46 continues to own and occupy the dwelling as such veteran's primary
47 residence. Such assessor may, at any time, require such veteran to
48 appear before such assessor for the purpose of furnishing additional
49 evidence, except that any veteran who, by reason of total disability, is
50 unable to so appear may furnish such assessor (A) a statement from such
51 veteran's attending physician or advanced practice registered nurse,
52 certifying that such veteran is totally disabled and unable to make a
53 personal appearance, and (B) such other evidence of total disability as
54 such assessor may deem appropriate.

55 (4) No veteran may receive an exemption under this section until
56 such veteran has proven such veteran's right to such exemption in
57 accordance with the provisions of this section, together with such
58 further proof as may be required under such provisions. Exemptions so
59 proven shall take effect on the next succeeding assessment day.

60 (c) Any veteran who has submitted an application and been
61 approved in any year for the exemption provided in subsection (a) of
62 this section shall, in the assessment year immediately following
63 approval, be presumed to qualify for such exemption. During the year
64 immediately following such approval, the assessor shall notify, in
65 writing, such veteran presumed to be qualified pursuant to this
66 subsection. If any such veteran has qualifying income in excess of the
67 maximum allowed under subsection (a) of this section, such veteran
68 shall notify the assessor on or before the next filing date of such
69 exemption and shall be denied such exemption for the assessment year
70 immediately following and for any subsequent year until such veteran
71 has reapplied and again qualified for such exemption. Any such veteran
72 who fails to notify the assessor of such disqualification shall make
73 payment to the municipality in the amount of property tax loss related
74 to such exemption improperly taken.

75 Sec. 2. Section 12-2b of the general statutes is repealed and the
76 following is substituted in lieu thereof (*Effective October 1, 2022*):

77 The Secretary of the Office of Policy and Management shall:

78 (1) In consultation with the Commissioner of Agriculture, develop
79 schedules of unit prices for property classified under sections 12-107a to
80 12-107e, inclusive, update such schedules by October 1, 1990, and every
81 five years thereafter, and make such data, studies and schedules
82 available to municipalities and the public;

83 (2) [develop] Develop regulations setting forth standards and tests
84 for: Certifying revaluation companies and their employees, which
85 regulations shall ensure that a revaluation company is competent in
86 appraising and valuing property, certifying revaluation companies and
87 their employees, requiring that a certified employee supervise all
88 valuations performed by a revaluation company for municipalities,
89 maintaining lists of certified revaluation companies and upon request,
90 advising municipalities in drafting contracts with revaluation
91 companies, and conducting investigations and withdrawing the
92 certification of any revaluation company or employee found not to be
93 conforming to such regulations. The regulations shall provide for the
94 imposition of a fee payable to a testing service designated by the
95 secretary to administer certification examinations; [and]

96 (3) [by] By himself, or by an agent whom he may appoint, inquire if
97 all property taxes [which] that are due and collectible by each town or
98 city not consolidated with a town, are in fact collected and paid to the
99 treasurer thereof in the manner prescribed by law, and if accounts and
100 records of the tax collectors and treasurers of such entities are adequate
101 and properly kept. The secretary may hold meetings, conferences or
102 schools for assessors, tax collectors or municipal finance officers; and

103 (4) Provide jointly with the Commissioner of Veterans Affairs a
104 written notice annually to municipalities and veterans' organizations of
105 the property tax exemptions that a municipality may opt to approve
106 under chapter 203 for veterans, veterans' relatives or spouses or persons
107 killed in action while performing active military duty with the armed
108 forces.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2022</i>	New section
Sec. 2	<i>October 1, 2022</i>	12-2b

FIN *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 23 \$	FY 24 \$
Various Municipalities	Grand List Reduction	None	Potential

Explanation

The bill creates an optional property tax exemption of 10% of the assessment of a home owned by veterans that meet certain income limits.

A municipality that chose to implement this would experience a grand list reduction. At current mill rates, if every municipality chose to implement this option, the cumulative revenue loss would be an estimated \$63.5 million.

The bill also requires the Office of Policy and Management and the Department of Veterans' Affairs to provide information to municipalities and veterans' organizations about property tax exemptions for which veterans are eligible. This has no fiscal impact as it is anticipated that the agencies can provide this information with existing resources.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in municipal mill rates and grand lists.

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)
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