

**Finance, Revenue and Bonding Committee**  
**JOINT FAVORABLE REPORT**

**Bill No.:** House Bill 5478

AN ACT CONCERNING A PROPERTY TAX EXEMPTION FOR CERTAIN

**Title:** VETERANS.

**Vote Date:** 4/6/2022

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/21/2022

**File No.:** 603

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**SPONSORS OF BILL:**

Introducers:

The Finance Revenue and Bonding Committee

Co-Sponsors:

Rep. Eleni Kavros DeGraw, 17<sup>th</sup> District

Rep. Corey P. Paris, 145<sup>th</sup> District

Rep. Emmanuel Sanchez, 24<sup>th</sup> District

Rep. Amy Morrin Bello, 28<sup>th</sup> District

Rep. John K. Hampton, 16<sup>th</sup> District

Sen. Derek Slap, 5<sup>th</sup> District

Rep. Dorinda Borer, 115<sup>th</sup> District

Rep. Gary A. Turco, 27<sup>th</sup> District

Rep. Geoff Luxenberg, 12<sup>th</sup> District

Rep. Kara Rochelle, 104<sup>th</sup> District

Rep. Tom Arnone, 58<sup>th</sup> District

Sen. Saud Anwar, 3<sup>rd</sup> District

Rep. Patrick S. Boyd, 50<sup>th</sup> District

Rep. Ronald A. Napoli, 73<sup>rd</sup> District

Rep. Jaime S. Foster, 57<sup>th</sup> District

Rep. John-Michael Parker, 101<sup>st</sup> District

Rep. Brian T. Smith, 48<sup>th</sup> District

Rep. Hubert D. Delany, 144<sup>th</sup> District

Rep. Geraldo C. Reyes, 75<sup>th</sup> District

Rep. Larry B. Butler, 72<sup>nd</sup> District

Rep. John "Jack" F. Hennessy, 127<sup>th</sup> District

Rep. Mary Welander, 114<sup>th</sup> District

## REASONS FOR BILL:

This bill authorizes municipalities to establish a local option property tax exemption for qualifying veterans equal to ten percent (10%) of their primary residence's assessed value. To qualify, a veteran's federal Adjusted Gross Income (AGI) must be \$50,100 or less.

The bill also requires the Office of Policy and Management (OPM) Secretary, together with the Department of Veterans Affairs Commissioner, to provide an annual written notice to municipalities and veterans' organization of the various local option property tax exemptions allowed by law for veterans, their relatives or spouses, and armed forces members killed in action while performing active military duty.

## RESPONSE FROM ADMINISTRATION/AGENCY:

[Martin L. Heft, Undersecretary, Intergovernmental Policy and Planning Division, Office of Policy and Management](#) submitted testimony stating that, currently, under Section 12-84f of the general statutes, there is a municipal option that allows for an exemption of up to ten percent; with income limits established by the town. As a municipal option, there is no state reimbursement. The proposed legislation mandates that all municipalities provide a property tax exemption of ten percent and provide for reimbursements to those that have an equalized net grand list per capita below a certain threshold. Under this bill, the exemption would be available to all veterans from any era based solely on income, as no service in time of war is required. The new exemption is income-based depending on the veteran's federal adjusted gross income (AGI). Mr. Heft states that to adequately verify the income requirements, all applicants should be required to submit a federal tax return that is prepared by a tax professional (not self-prepared). Subsection (4)(d) of the bill requires reimbursement to only certain municipalities, but also to any district located within such municipalities. The proposed legislation will have a significant economic impact with a substantial shift of tax burden within municipalities. The current appropriation for veterans is specifically for additional exemptions under Section 12-81g of the general statutes. The Office of Policy and Management would be supportive of the veterans' exemption in this bill as a municipal option with no reimbursement from the state, but the state's commitment to reimburse municipalities on behalf of exempt taxpayers should be limited to the already substantial support provided via existing programs such as payment in lieu of taxes (PILOT).

[Thomas J. Saadi, Commissioner Department of Veterans Affairs](#) testified that he supports the concept of what this bill seeks to achieve, which is to provide additional property tax relief to lower income qualifying Veterans. However, Commissioner Saadi does not support changes to individual sections of the property tax statutes, but instead urges the committee to support the establishment of a task force to study and make recommendations for changes to veteran property tax exemptions, abatements, and other similar benefits. Commissioner Saadi states that a task force can conduct a comprehensive review of the relevant statutes and make recommendations for consistent changes to existing statutes. The task force approach provides an opportunity, with expert and public input - including from veterans and municipalities - to determine whether exemption amounts established decades ago should be changed in relationship to current assessments of real and personal property. Additionally, there are often overlapping exemptions which may also benefit from a review to simplify the review and approval process for local tax assessors.

## **NATURE AND SOURCES OF SUPPORT:**

[Sean M. Connolly, Veteran, United States Army Reserve, Former Commissioner, Connecticut Department of Veterans Affairs](#) submitted testimony in support of this bill. Mr. Connolly stated that during his time as Commissioner of DVA, he was committed to supporting Connecticut's veterans to live their best lives and to tear down barriers that got in the way. In doing so, this means access to education and job training, physical and mental health services, jobs and careers, and housing and home ownership. A review of Connecticut's statutes demonstrates that Connecticut provides no meaningful property tax exemption, currently. Section 12-81(19) of the Connecticut General Statutes does not provide a tax exemption of \$1,000. Instead, it provides that property up to the amount of \$1,000 is exempt from taxation. That means that a veteran in East Hartford, or a veteran in Hebron, who buys a home assessed at \$150,000 will pay full property tax on \$149,000. In the East Hartford example, that would be a tax savings of about \$45. In the Hebron example, that would be a tax savings of about \$36. Any miniscule taxes saved on a \$1,000 reduction in the assessed value of their home will likely not be enough to buy another day's worth of groceries for a veteran's family. Mr. Connolly stated that the current bill provides for quick action that lower income veterans need now. If the bill were to be revised to form a task force, the review will take time and will not provide immediate relief.

[Daniel G. Polhamus, PhD, Town Council Chairman, Avon, Connecticut](#) supported this bill stating that in the town of Avon, veterans are eligible for both the \$1,500 basic exemption, which applies to all veterans per CGS Section 12-81g, and in addition Avon allows exemptions of up to \$10,000 for veterans whose income does not exceed \$57,500. The cost of the income-based portion of our program is around \$60k and would not be expected to change significantly if the exemption was changed to 10%. Avon, Burlington, Canton, Glastonbury, and Granby all have comparable programs with \$10,000 exemptions while other neighbors have substantially lower exemptions (\$2,000 - \$4,000) and income limits below \$50,000. Most of these would be eligible for reimbursement under the proposed language of the bill. Neighboring municipalities have already moved to the proposed 10% of assessment (Simsbury), or the greater of 10% or \$10,000 (West Hartford) in combination with higher income limits. Mr. Polhamus stated that allowing for the standardization of a minimum exemption across municipalities while retaining flexibility of local choice for extended benefit would be his preference. In addition to providing this income-based exemption, Mr. Polhamus encouraged the committee to revisit the language in CGS Section 12-81g that specifies the basic benefit for all veterans. The language of this statute has not been updated in over 30 years and, as a result, has not resulted in an increase from \$1,500 in Avon since inception.

## **NATURE AND SOURCES OF OPPOSITION:**

[Randy Collins, Advocacy Manager, Connecticut Conference of Municipalities](#) stated that this bill would impose an unfunded mandate on our towns and cities. The bill would allow towns and cities that have an equalized net grand list of \$150,000 or below to request reimbursement from the state. Towns and cities remain almost exclusively reliant on the imposition of a regressive property tax system to fund all levels of local service, and this proposal would further increase property tax rates that already subsidize the current mandated 99 property exemptions. Mr. Collins stated that the erosion of the property tax base has allowed some of our poorest towns and cities to see more than fifty percent (50%) of their taxable property

exempted, and in cases where state payment in lieu of taxes (PILOT) funds were promised to make up the difference, these have been chronically underfunded or not funded at all.

[Betsy Gara, Executive Director Connecticut Council of Small Towns \(COST\)](#) opposed this bill, stating that a concern of hers is that this bill, although well-intended, would shift the property tax burden to other local taxpayers, particularly homeowners and small businesses. The recently released 2022 Tax Incidence Report prepared by the state Department of Revenue Services indicates that property taxes continue to impose a significant burden on individual taxpayers and small businesses. COST appreciated that the bill calls for reimbursement to certain municipalities based on their equalized net grand list. However, efforts to reimburse municipalities for lost revenues due to state mandated property tax exemptions have fallen short, forcing municipalities to shift the tax burden to property owners or cut critical local services and programs.

[David Godbout, Connecticut Resident](#) opposes the bill on the grounds that the current session of the Connecticut General Assembly is illegal, in breach of Article 3, Section 16 of the State Constitution.

**Reported by: Jean Holloway**

**Date: ~~04/21/2022~~**