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VETERANS PROPERTY TAX EXEMPTIONS

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You asked about the laws that authorize veterans' property tax exemptions. You want to know what periods the exemptions cover.

SUMMARY

State law provides a basic \$ 1,000 municipal property tax exemption for qualified veterans. It also provides for an additional mandatory exemption and an additional optional exemption for veterans who qualify for the basic exemption and meet certain income limits.

Generally, to be eligible for veterans' property tax exemptions, a veteran must have been honorably discharged from service after having served at least 90 days of active-duty service in the U. S. Armed Forces during a statutorily defined time of war, unless he was separated earlier because of a Veterans' Administration (VA)-rated service-connected disability or the war lasted for a shorter period and he served for the duration. Veterans still in the service are eligible if they meet the 90-day requirement, as are veterans who retired after 30 years of service. For 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.

An exemption is a reduction in the property's assessed value on which taxes are owed, not a credit against the amount of the tax. Exemption amounts depend on income, disability, and other factors.

To get an exemption, an applicant must document his eligibility to his local town clerk. He must reestablish his eligibility for income-based exemptions

every two years. If he is no longer in service, he must establish eligibility only once to receive the basic exemption; if he is still serving, he must send the town clerk a written statement every year signed by his commanding officer or other appropriate officer attesting to his service.

The state reimburses towns for the revenue loss from some of the mandatory veterans' income-based exemptions.

STATE-MANDATED EXEMPTIONS

The law requires towns to give qualified veterans and their surviving spouses certain property tax exemptions. It allows them to grant others if their legislative body approves. The first category is commonly called mandatory exemptions; the latter, local option.

The main state-mandated exemptions are granted through two statutes: (1) CGS § 12-81(19), which requires towns to give all qualified applicants a basic \$ 1,000 property tax exemption and (2) CGS § 12-81g, which requires towns to give veterans who get the basic exemption an additional exemption, the amount of which depends on their income.

For those whose income falls below a certain statutorily determined limit, the additional exemption is equal to twice the basic exemption (CGS § 12-81g(a)). For those whose income exceeds this limit, the additional exemption is 50% of the basic exemption (CGS § 12-81g(b)).

Thus, a veteran or (qualified survivor) is entitled to a (1) \$ 3,000 exemption if his income is below the limit and (2) \$ 1,500 if his income exceeds the limit.

(Disabled and severely disabled veterans are eligible for a minimum exemption of more than \$ 1,500 under CGS §§ 12-81(20) and 12-81g. Qualified surviving dependents of veterans are also eligible for a minimum exemption, which may be more than \$ 1,500, under CGS §§ 12-81(22), (23), (24), (25), or (26), and 12-81g. For brevity, these are not discussed in detail in this report.)

Also, CGS § 12-81(53), provides a state-mandated exemption for one motor vehicle owned, held in trust for, or leased by a member of the U. S. armed forces, if the vehicle is located outside of Connecticut due to the service member's military orders. The service member must apply for this exemption and there is a time limit for doing so.

LOCAL-OPTION EXEMPTION

In addition to these mandatory exemptions, a municipality, with the approval of its legislative body, may provide a larger exemption to a veterans and their surviving spouses whose income falls below specified limits (CGS § 12-81f).

The amount of the exemption is up to \$ 10,000 or 10% of the property's assessed value. Thus, in a town that offers the maximum 10% local-option exemption, a veteran whose house is assessed at \$ 200,000 is eligible for an exemption of up to \$ 20,000.

Alternatively, towns that offer this optional exemption can also establish a higher income limit than the limit applicable to the mandatory additional exemption that CGS §12-81g provides. The income limit for single or married couples can be increased by up to \$ 25,000 over the income limits in effect for the state-mandated addition property tax exemption. If a town chooses to increase these limits by the maximum amount, the maximum 2005 calendar year income limit for a single veteran would be \$ 52,700. For a married veteran, the maximum income limit would be \$ 58,900.

By law, the exemptions must be increased to reflect increases in the taxable grand list following revaluation.

INCOME LIMITS

To qualify for a state-mandated income-based property tax exemption, an applicant's maximum 2005 income (total taxable and nontaxable) must be \$ 27,700 if single or \$ 33,900 if married. By law, OPM updates the income limits annually to reflect the amount of the Social Security Administration's cost-of-living adjustment (CGS §§ 12-811 and 12-170aa(b)(2)). For veterans with a 100% U. S. Veterans' Administration-rated disability, only taxable income (i. e. , adjusted gross income) is used to determine eligibility, and the qualifying maximum income in any year is \$ 18,000 if single or \$ 21,000 if married.

By law, (1) the limits (except those that apply to veterans with a 100% disability rating) must be adjusted annually to reflect the increase in Social Security benefits and (2) the exemptions must be increased to reflect increases in the taxable grand list following revaluation.

INCREASING EXEMPTIONS AFTER REVALUATIONS

Although CGS § 12-81(19) gives a basic \$ 1,000 exemption, the actual exemption granted in 92 towns, as of the October 1, 2004 grand list, is greater than \$ 1,000. The actual amount of the basic exemption provided to certain survivors and disabled and seriously disabled veterans under CGS §§ 12-81(20), (21), (22), (23), (24), (25), and (26) is also greater in these towns. This is because CGS § 12-62g requires towns to increase state-mandated and local-option exemptions if a revaluation done on and after October 1, 1990 and on or before October 1, 1998 resulted in a grand list (all taxable and non-taxable property) increase.

As a matter of practice, towns must increase their veterans' exemptions if the grand list increases by at least 150% over the previous year. PA 00-229 tied the exemption increase to an increase in the *net* grand list (taxable property less exemptions granted to individuals and certain companies), thus precluding big increases in the exemptions attributable solely to the addition of a large tax-exempt property to a town's grand list. Before this act first took effect with respect to the October 1, 1999 grand list, all exempt property (such as property owned by religious or charitable organizations) was included in the grand list calculation.

REIMBURSABLE VS. NON-REIMBURSABLE EXEMPTIONS

The state reimburses towns for the revenue loss from the mandatory income-based exemption provided to veterans under CGS § 12-81g(a) (CGS § 12-81g(c)). It does not reimburse them for the mandatory income-based exemption under CGS § 12-81g(b); the local-option income-based exemption under CGS § 12-81f; or the basic exemptions under CGS § 12-81(19), (20), (21), (22), (23), (24), (25), and (26).

WAR SERVICE

Table 1 shows the post-1940 wars and military conflicts that qualify as wartime service for purposes of veterans' property tax exemptions under state law and the conditions under which a veteran must serve to be considered eligible for exemptions. In most cases, a veteran's eligibility for the tax exemption is conditioned on his service in a combat or combat-support role in the country where the war took place. But service during the Persian Gulf War does not require service in a combat or combat-support role or in the Persian Gulf and includes service in Afghanistan, Bosnia, Somalia, or Operation Desert Storm, among other areas and operations not specifically listed in the statutes.

Table 1: Post-1940 “Service in Time of War” for Veterans’ Property Tax Exemptions

Operation	Date	Service Condition
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 required
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)	02/01/87-07/23/87	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 (which has not yet been set)	Active-service anywhere during the war, not necessarily in the Persian Gulf or in a combat role

*Service means service on active-duty in the (1) U. S. Army, Navy, Marines, Air Force, and Coast Guard or (2) the armed forces of any government associated with the United States (CGS § 27-103).

**Ending dates specified in CGS § 12-86.

APPLICATION PROCEDURE

Basic Exemption

A veteran must claim his exemption before October 1 for the current and following assessment years by notifying the town clerk in the town where he lives. He must show the original or a certified copy of his honorable discharge. If he has no copy, he may appear before the local assessor and swear to his eligibility. In the latter case, he must bring affidavits from two disinterested people attesting to his service and his honorable discharge. The law also contains an alternate procedure for military members currently serving in active war theaters. Town clerks must keep a list and record of eligible claimants for exemption and, if the veteran moves to another town, must forward the documentation to the new town clerk (CGS § 12-93).

The law provides another eligibility option for someone who changes residency. Under CGS § 12-81cc, a person who established his entitlement to a veteran's property tax exemption for a particular grand list, can obtain a certificate of entitlement from the assessor of the town in which he lived, and provide it to the assessor of the person's new town of residence. This allows for the portability of the person's veteran's exemption.

Income-Based Exemption

Applicants for the income-based exemption must file an application every two years with the local assessor's office between February 1 and October 1 of any year for exemption on the grand list for that October 1.

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