



House of Representatives

General Assembly

File No. 276

January Session, 2025

House Bill No. 7122

House of Representatives, March 26, 2025

The Committee on Veterans' and Military Affairs reported through REP. FOSTER of the 57th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT EXCLUDING VETERANS' DISABILITY PAYMENTS FROM QUALIFYING INCOME WHEN DETERMINING CERTAIN PROPERTY TAX RELIEF.

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

1 Section 1. Subsection (a) of section 12-81kk of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective October*
3 *1, 2025*):

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

13 Sec. 2. Subdivision (1) of subsection (b) of section 12-170aa of the
14 general statutes is repealed and the following is substituted in lieu
15 thereof (*Effective October 1, 2025*):

16 (b) (1) The program established by this section shall provide for a
17 reduction in property tax, except in the case of benefits payable as a
18 grant under certain circumstances in accordance with provisions in
19 subsection (j) of this section, applicable to the assessed value of certain
20 real property, determined in accordance with subsection (c) of this
21 section, for any (A) owner of real property, including any owner of real
22 property held in trust for such owner, provided such owner or such
23 owner and such owner's spouse are the grantor and beneficiary of such
24 trust, (B) tenant for life or tenant for a term of years liable for property
25 tax under section 12-48, or (C) resident of a multiple-dwelling complex
26 under certain contractual conditions as provided in subsection (j) of this
27 section, who (i) at the close of the preceding calendar year has attained
28 age sixty-five or over, or whose spouse domiciled with such
29 homeowner, has attained age sixty-five or over at the close of the
30 preceding calendar year, or is fifty years of age or over and the surviving
31 spouse of a homeowner who at the time of such homeowner's death had
32 qualified and was entitled to tax relief under this section, provided such
33 spouse was domiciled with such homeowner at the time of such
34 homeowner's death, or (ii) at the close of the preceding calendar year
35 has not attained age sixty-five and is eligible in accordance with
36 applicable federal regulations to receive permanent total disability
37 benefits under Social Security, or has not been engaged in employment
38 covered by Social Security and accordingly has not qualified for benefits
39 thereunder but who has become qualified for permanent total disability
40 benefits under any federal, state or local government retirement or
41 disability plan, including the Railroad Retirement Act and any
42 government-related teacher's retirement plan, determined by the
43 Secretary of the Office of Policy and Management to contain
44 requirements in respect to qualification for such permanent total
45 disability benefits that are comparable to such requirements under
46 Social Security; and in addition to qualification under clause (i) or (ii) of
47 this subdivision, whose taxable and nontaxable income, the total of

48 which shall hereinafter be called "qualifying income", in the tax year of
49 such homeowner ending immediately preceding the date of application
50 for benefits under the program in this section, was not in excess of
51 sixteen thousand two hundred dollars, if unmarried, or twenty
52 thousand dollars, jointly with spouse if married, subject to adjustments
53 in accordance with subdivision (2) of this subsection, evidence of which
54 income shall be required in the form of a signed affidavit to be submitted
55 to the assessor in the municipality in which application for benefits
56 under this section is filed. Such affidavit may be filed electronically, in
57 a manner prescribed by the assessor. The amount of any Medicaid
58 payments, and the amount of any veterans' disability payments, made
59 on behalf of such homeowner or the spouse of such homeowner shall
60 not constitute income. The amount of tax reduction provided under this
61 section, determined in accordance with and subject to the variable
62 factors in the schedule of amounts of tax reduction in subsection (c) of
63 this section, shall be allowed only with respect to a residential dwelling
64 owned by such qualified homeowner and used as such homeowner's
65 primary place of residence. If title to real property or a tenancy interest
66 liable for real property taxes is recorded in the name of such qualified
67 homeowner or his spouse making a claim and qualifying under this
68 section and any other person or persons, the claimant hereunder shall
69 be entitled to pay his fractional share of the tax on such property
70 calculated in accordance with the provisions of this section, and such
71 other person or persons shall pay his or their fractional share of the tax
72 without regard for the provisions of this section, unless also qualified
73 hereunder. For the purposes of this section, a "mobile manufactured
74 home", as defined in section 12-63a, or a dwelling on leased land,
75 including but not limited to a modular home, shall be deemed to be real
76 property and the word "taxes" shall not include special assessments,
77 interest and lien fees.

78 Sec. 3. Section 12-81l of the general statutes is repealed and the
79 following is substituted in lieu thereof (*Effective October 1, 2025*):

80 Whenever used in sections 12-81f, 12-81g, 12-81i, 12-81j, 12-81ii and
81 12-81jj, "qualifying income" means, with respect to any person making

82 application for exemption from property tax as provided under any of
83 said sections, such person's total adjusted gross income as determined
84 for purposes of the federal income tax plus any other income not
85 included in such adjusted gross income, individually if unmarried, or
86 jointly with spouse if married, during the calendar year ending
87 immediately preceding the filing of a claim for any such exemption, but
88 does not include veterans' disability payments. For purposes of
89 determining eligibility for any of such exemptions, such qualifying
90 income may not exceed fourteen thousand dollars, if unmarried, or
91 sixteen thousand dollars, jointly with spouse, if married, provided in no
92 event shall such maximum amounts of qualifying income with respect
93 to any such person be less than the maximum amount of such qualifying
94 income in the case of a married or unmarried person, whichever is
95 applicable, under subsection (b) of section 12-170aa, as amended by this
96 act, and in the event that such maximum qualifying income under this
97 section is less than the comparable amount under said subsection (b) of
98 section 12-170aa, as amended by this act, for any assessment year, such
99 amount under this section shall be made equivalent to that under said
100 subsection (b) of section 12-170aa, as amended by this act, for purposes
101 of determining eligibility under this section for such assessment year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2025	12-81kk(a)
Sec. 2	October 1, 2025	12-170aa(b)(1)
Sec. 3	October 1, 2025	12-81l

VA *Joint Favorable*

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 26 \$	FY 27 \$
All Municipalities	Potential Grand List Reduction	None	See Below

Explanation

The bill excludes veterans' disability payments from qualifying income when determining eligibility for various property tax relief programs, which results in a potential grand list reduction beginning in FY 27 to the extent that more veterans become eligible for property tax relief programs and towns implement certain municipal options.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the number of eligible veterans.

OLR Bill Analysis**HB 7122*****AN ACT EXCLUDING VETERANS' DISABILITY PAYMENTS FROM QUALIFYING INCOME WHEN DETERMINING CERTAIN PROPERTY TAX RELIEF.*****SUMMARY**

This bill excludes veterans' disability payments from counting as income for determining eligibility for specified property tax relief programs.

First, it excludes veterans' disability payments a homeowner or his or her spouse receives for purposes of determining whether they qualify for the Homeowners' Elderly and Disabled Circuit Breaker Tax Relief Program (see BACKGROUND).

It also explicitly excludes these payments for determining whether taxpayers qualify for the local option exemption for income-qualifying veterans' primary residences. This exemption equals 10% of the assessed value of a dwelling the veteran owns and uses as his or her primary residence. By law, the exemption is available to veterans with up to \$50,100 in federal adjusted gross income (AGI). (Federal AGI already excludes veteran disability benefits.)

The bill also aligns the definition of qualifying income for the local option exemption for "Gold Star" parents and spouses (see BACKGROUND) with that of other income-based veterans' property tax exemptions. Under the bill, as under existing law for the other exemptions, "qualifying income" is federal AGI plus any other income not included in federal AGI, except for veterans' disability payments. By law, unchanged by the bill, the income limit applicable to the Gold Star parents and spouses exemption is already aligned with the limit applicable to these other income-based exemptions.

EFFECTIVE DATE: October 1, 2025

BACKGROUND

Homeowners' Elderly and Disabled Circuit Breaker Tax Relief Program

State law provides a property tax credit program for Connecticut residents who are age 65 and over or totally disabled and whose annual incomes do not exceed certain limits (for 2024, \$45,200 for individuals and \$55,100 for married couples). The credit amount is up to \$1,250 for married couples and \$1,000 for individuals, based on a graduated income scale.

Gold Star Parent and Surviving Spouse Property Tax Exemption

State law allows a municipality to provide a property tax exemption to any parent or surviving spouse of a service member killed in action while performing active military duty with the U.S. Armed Forces (i.e. "Gold Star" parent or surviving spouse). A municipality may exempt up to \$20,000 or 10% of the property's assessed value.

To be eligible for the exemption, the income of the Gold Star parent or surviving spouse cannot exceed (1) the state's income limit for a single person for other veterans' property tax exemptions annually set by the Office of Policy and Management (\$45,200, including inflation adjustments, for 2024) or (2) an amount the municipality sets, up to \$25,000 more than the state limit.

COMMITTEE ACTION

Veterans' and Military Affairs Committee

Joint Favorable

Yea 20 Nay 0 (03/11/2025)