

OFFICE OF FISCAL ANALYSIS

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sSB-1276

AN ACT CONCERNING A PROPERTY TAX EXEMPTION FOR VETERANS WHO ARE PERMANENTLY AND TOTALLY DISABLED BASED ON A DISABILITY RATING OF ONE HUNDRED PER CENT AND A PROPERTY TAX EXEMPTION FOR GOLD STAR SPOUSES.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 26 \$	FY 27 \$
Various Municipalities	Potential Cost	See Below	See Below
Various Municipalities	Net Grand List Increase	See Below	See Below
Various Municipalities	Grand List Reduction	See Below	See Below
Various Municipalities	Potentially Significant Grand List Reduction	See Below	See Below

Explanation

The bill makes various changes regarding property tax exemptions for certain veterans and their spouses, described herein.

Section 1 requires municipalities that adjust and republish their 2024 Grand List due to changes related to Sections 2 and 4 to (1) hear appeals related to the assessment of property for an additional time period and (2) send any changes to the Office of Policy and Management. This may result in a potential cost to municipalities in FY 25 associated with an increased number of appeal hearings.

The section also permits municipalities to make changes to their FY

26 budget and taxes that have been levied for FY 26. Any impact will be dependent on changes made to the FY 26 budget and taxes that have already been levied.

Section 2 results in a net grand list increase for municipalities in FY 26 and FY 27 to the extent that veterans with a permanently and totally disabled determination and a disability rating of less than 100% no longer qualify for the total property tax exemption described in Subdivision (83) of Section 12-81 of the CT General Statutes.

Additionally, the section results in a grand list reduction for municipalities by expanding the property tax exemption described above to include mobile manufactured homes and up to two acres of property owned by qualifying veterans or their spouses. A grand list reduction results in a revenue loss, given a constant mill rate. The extent of the grand list reduction depends on the number of qualifying veterans that own mobile manufactured homes, the amount of property that qualifying veterans own, the number of qualifying veterans, and the municipality in which their property is located.

Section 3 results in a potentially significant grand list reduction by giving municipalities the option to extend the property tax exemption described in Section 2 to spouses of members of the Armed Forces with a disability rating who died before October 1, 2024. The impact of this reduction will depend on the number of municipalities that approve the option and the number of qualifying spouses who own property in Connecticut, which is currently unknown.

The exemption in this section differs from Section 2 in the sense that there is no reference to a 100% disability rating or a permanent and total designation. This municipal option would apply to the spouse of a deceased veteran that had been assigned a disability rating of any kind.

Sections 4-9 make corresponding technical changes that do not result in a fiscal impact.

Section 10 results in a grand list reduction for municipalities by

extending the property tax exemption described in Section 2 to the spouses of members of the Armed Forces who die due to their service while on active duty, effective October 1, 2025. The extent of the grand list reduction will correspond with the number of qualifying spouses who own property in Connecticut.

The Out Years

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