
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)