



House of Representatives

General Assembly

File No. 148

February Session, 2026

House Bill No. 5407

House of Representatives, March 24, 2026

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 CONCERNING STATE REIMBURSEMENT TO MUNICIPALITIES FOR REVENUE LOST DUE TO THE PROPERTY TAX EXEMPTION FOR VETERANS WITH A ONE HUNDRED PER CENT PERMANENT AND TOTAL DISABILITY RATING.

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

1 Section 1. (NEW) (*Effective January 1, 2027*) On or before July first,
2 annually, the assessor of each municipality shall certify to the Secretary
3 of the Office of Policy and Management, on a form furnished by said
4 secretary, the amount of tax revenue which such municipality, except
5 for the provisions of subdivision (83) of section 12-81 of the general
6 statutes, would have received for the assessment year ending
7 immediately preceding. Any municipality which neglects to transmit to
8 said secretary such claim and supporting documentation as required by
9 this section shall forfeit two hundred fifty dollars to the state, provided
10 said secretary may waive such forfeiture in accordance with procedures
11 and standards adopted by regulation in accordance with chapter 54 of
12 the general statutes. Said secretary shall review each such claim as
13 provided in section 12-120b of the general statutes. Any claimant

14 aggrieved by the results of the secretary's review shall have the rights of
 15 appeal as set forth in section 12-120b of the general statutes. The
 16 secretary shall, on or before December fifteenth, annually, certify to the
 17 Comptroller the amount due each municipality under the provisions of
 18 this section, including any modification of such claim made prior to
 19 December fifteenth, and the Comptroller shall draw an order on the
 20 Treasurer on the fifth business day following and the Treasurer shall
 21 pay the amount thereof to such municipality on or before the thirty-first
 22 day of December following. If any modification is made as the result of
 23 the provisions of this section on or after the December fifteenth
 24 following the date on which the assessor has provided the amount of
 25 tax revenue in question, any adjustments to the amount due to any
 26 municipality for the period for which such modification was made shall
 27 be made in the next payment the Treasurer shall make to such
 28 municipality pursuant to this section. For the purposes of this section,
 29 "municipality" means a town, city, borough, consolidated town and city
 30 or consolidated town and borough.

| | | |
|---|-----------------|-------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | January 1, 2027 | New section |

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:

| Agency Affected | Fund-Effect | FY 27 \$ | FY 28 \$ |
|-------------------------------|-------------|----------|---------------------|
| Resources of the General Fund | GF - Cost | None | At Least 20 million |

Note: GF=General Fund

Municipal Impact:

| Municipalities | Effect | FY 27 \$ | FY 28 \$ |
|--------------------|--------------|----------|-----------|
| All Municipalities | Revenue Gain | None | See Below |

Explanation

The bill results in a cost to the General Fund of at least \$20 million beginning in FY 28 to reimburse municipalities for property tax revenue lost due to the property tax exemption for veterans with a disability rating of one hundred percent deemed permanent and total by the U.S. Department of Veterans Affairs¹. The bill results in a revenue gain of at least \$20 million to municipalities that have lost revenue because of the exemption.

Municipalities' reimbursements will be subject to a \$250 forfeiture to the extent that municipalities do not submit a claim with proper documentation to the Secretary of the Office of Policy and Management and the secretary enforces the forfeiture.

¹ The total impact will potentially be higher, dependent on the number of qualifying veterans, the number of spouses of deceased qualifying veterans, and the value of the property that is being exempted.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the amount of property tax revenue lost as a result of the exemption.

OLR Bill Analysis**HB 5407*****AN ACT CONCERNING STATE REIMBURSEMENT TO MUNICIPALITIES FOR REVENUE LOST DUE TO THE PROPERTY TAX EXEMPTION FOR VETERANS WITH A ONE HUNDRED PER CENT PERMANENT AND TOTAL DISABILITY RATING.*****SUMMARY**

This bill establishes a process for municipalities to receive reimbursement from the Office of Policy and Management (OPM) for lost revenue from the property tax exemption for veterans who have been determined by the United States Department of Veterans Affairs to have a 100% service-connected permanent and total disability (a "100% P&T disability"). Existing law fully exempts from property tax a primary dwelling or motor vehicle for each of these veterans.

The bill requires each municipality's assessor, by July 1 annually, to certify to the OPM secretary, on a form created by the secretary, the amount of tax revenue the municipality would have received for the immediately preceding assessment year if not for this property tax exemption. The bill requires the secretary to review claims and certify to the comptroller the amount due to a municipality. The comptroller must draw an order on the treasurer and the treasurer must pay the municipality.

Under the bill, a municipality that fails to certify or submit supporting documents to the OPM secretary must pay \$250 to the state as a penalty. The bill permits the secretary to waive the penalty through a procedure in existing law (see BACKGROUND).

The bill applies to a municipality, which under the bill, is a town, city, borough, consolidated town and city, or consolidated town and borough.

EFFECTIVE DATE: January 1, 2027

STATE REIMBURSEMENT PROCESS

The bill requires the OPM secretary to review each claim under existing procedures for reviewing certain other property tax exemptions and tax relief and grant programs (which includes provisions about notice, modifications, reconsideration, and hearings). Under the bill, claimants aggrieved by the results of the secretary's review can appeal to court.

The bill requires the secretary to certify to the comptroller, by December 15 annually, the amount due to each municipality, including any modification of claims made before December 15. The bill also requires the comptroller to draw an order on the treasurer five business days after. Under the bill, the treasurer must pay the amount required to the municipality before the following December 31.

Modifications

Under the bill, if any modification is made, beginning on the December 15 after the assessor provided the amount of tax revenue, the treasurer's next payment to the municipality under the bill must be adjusted.

BACKGROUND

Penalty Waiver Procedure

By law, the OPM secretary can waive a penalty if he receives a written application for the waiver within 30 business days after the relevant reimbursement claim's filing date. The application must explain the reason for the waiver request and be signed by the official responsible for filing the claim and the chief executive officer of the municipality or the district. The failure to file must be for reasonable cause and not intentional or due to neglect. Some examples of reasonable cause include:

1. acts of God,
2. vacancies in the position of the official responsible for filing the

claim within 60 days of the claim filing date,

3. failure to deliver the claim despite a reasonable attempt to make timely delivery, and
4. administrative or technical problems.

COMMITTEE ACTION

Veterans' and Military Affairs Committee

Joint Favorable

Yea 21 Nay 1 (03/10/2026)