
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)