

## Local Option Property Tax Relief Programs for Homeowners

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January 14, 2026 | 2026-R-0001

### Issue

Describe the state's local option property tax relief programs for homeowners. This report updates OLR Report [2024-R-0118](#).

### Summary

State law gives municipalities the option of providing limited property tax relief to homeowners. This relief generally targets specific groups of homeowners, including seniors, veterans, individuals with disabilities, firefighters and emergency personnel, and individuals whose property taxes exceed 8% of their income. Under several laws, though, municipalities may grant relief based the property's use (e.g., as a child care center, for a conservation easement, or as an owner-occupied primary residence).

The law generally specifies the types of property to which the relief may be applied (e.g., commercial property, real property, motor vehicles). This report covers relief that may be applied toward residential real property that eligible taxpayers own (i.e. their homes). As indicated

### ***Abatements***

*reduce the amount of tax due. For example, if a homeowner owes \$1,000 in taxes and is entitled to a 10% abatement, he or she would owe \$900 instead.*

*Circuit breaker programs are a type of abatement that prevent a tax from exceeding a specified portion of an eligible individual's income.*

### ***Exemptions***

*exclude property or a portion of its value from taxation. For example, if a house has an assessed value of \$140,000 and \$20,000 is exempted, \$120,000 of its value would be taxable.*

### ***Tax Freezes***

*set an individual's property tax to the amount owed at a particular time.*

below, some of this relief may be applied toward personal property (e.g., motor vehicles), as well.

These optional property tax relief programs are in addition to the tax relief municipalities are required to provide under state law.

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## Income-Based Programs

### ***Abatement of Taxes for the Poor***

Town selectmen, city mayors and aldermen, borough wardens and burgesses, and other communities' committees may, with the approval of their standing abatement committees (or the Office of Policy Management (OPM) secretary if they do not have one), abate taxes or the interest on delinquent taxes assessed on people who are poor and cannot pay. The abatement may be applied toward taxes owed on real or personal property ([CGS § 12-124](#)).

### ***Deferral of Taxes Exceeding 8% of Homeowner's Income***

Municipalities' may defer property taxes for any owner-occupied residence if the tax exceeds 8% of the owner's income for a given year. Deferred taxes are a lien on the property and must be paid with interest, when the homeowner dies or the property is sold ([CGS § 12-124a](#)).

## Seniors and Individuals With Disabilities

### ***Tax Freeze for Seniors***

Municipalities may freeze the property taxes on homes whose owner-occupant, or his or her spouse, has been a state resident for at least one year and is at least age 65 (municipalities may raise the age of eligibility). The freeze continues for a surviving spouse who is at least age 62 when the homeowner dies. Homeowners must meet the OPM-set income thresholds (see sidebar). Municipalities may also impose asset limits for eligibility and put a lien on the property in the amount of the total tax relief granted plus interest ([CGS §§ 12-170v](#) and [-170w](#)).

#### ***OPM-Set Income Threshold***

For 2025, the income thresholds are based on 2024 income and as follows:

- \$45,200 for unmarried individuals
- \$55,100 for married couples

More information on the Circuit Breaker Tax Relief Program is available on OPM's website [here](#).

### ***Relief for Homeowners Who are Seniors or Have Permanent Disabilities***

Municipalities may provide property tax relief to qualifying homeowners for real property they own and occupy as their principal residences. To qualify, the homeowner must have been a taxpayer in the municipality for at least a year and (1) be at least age 65, (2) have a spouse living with him or her who is at least age 65, (3) be certified by the Social Security Administration as permanently and totally disabled, or (4) be at least age 60 and the surviving spouse of an eligible taxpayer.

The tax relief may take any form, including freezing tax payments at specified levels, and municipalities may establish income criteria. But the overall amount of tax relief is limited to 10% of the total value of real property in the municipality in each given year. The total value of tax relief under this and the tax freeze (see above) and mandatory Circuit Breaker Tax Relief programs cannot exceed the homeowner's annual tax.

The municipality may put a lien on the property for the amount of the tax relief, and must do so if the relief provided under all these programs combined is more than 75% of the tax owed ([CGS § 12-129n](#)).

### ***Exemption for Homeowners With Disabilities***

Municipalities must provide a \$1,000 property tax exemption to taxpayers who (1) are eligible to receive permanent total disability benefits under Social Security; (2) qualify for permanent disability benefits under a federal, state, or local government retirement plan; or (3) are at least age 65 and no longer eligible to receive benefits under the disability benefit provisions of Social Security. The exemption may be applied to real or personal property ([CGS § 12-81\(55\)](#)).

Municipalities have the option of also providing these homeowners an additional exemption of up to \$1,000 if they meet specified income criteria ([CGS § 12-81i](#)).

### ***Exemption for Individuals Who are Blind***

Municipalities may provide a \$2,000 exemption to qualifying taxpayers who are blind and have incomes below a set threshold ([CGS § 12-81i](#)). This local option exemption may be applied to their (or their spouses') homes or personal property and is in addition to the mandatory \$3,000 exemption municipalities provide them ([CGS § 12-81\(17\)](#)).

## **Emergency Personnel**

### ***Abatement for Surviving Spouses of Police Officers or Firefighters***

Municipalities may abate all or a portion of the property tax on the principal residence of the surviving spouse of a police officer, firefighter, or emergency medical technician who dies while in the performance of his or her duties ([CGS § 12-81x](#)).

### ***Relief for Firefighters and Emergency Personnel***

Municipalities may provide an abatement or exemption to the following types of active and retired volunteers:

1. local emergency management directors;
2. firefighters and fire police officers;
3. emergency medical technicians and paramedics;
4. civil preparedness staff;
5. active members of a volunteer (a) canine search and rescue team or (b) underwater search and rescue team;
6. ambulance drivers in the municipality; and
7. retired volunteer firefighters, police officers, or emergency medical technicians who have completed at least 25 years of service in those roles.

The ordinance establishing the tax break may also authorize interlocal agreements for providing tax relief to certain active and retired volunteers who live in one municipality but volunteer or volunteered their services in another municipality.

The tax relief may be in the form of either an (1) abatement of property taxes of up to \$2,000 for any fiscal year or (2) exemption applicable to the assessed value of real or personal property up to an amount equal to \$2 million divided by the municipality's mill rate at the time of assessment (effectively reducing the amount a taxpayer owes by up to \$2,000) ([CGS § 12-81w](#)).

## **Veterans and Their Families**

The law allows municipalities to provide a number of local-option property tax exemptions to veterans and their families, as we briefly describe below. While the exemption amounts below are set in statute, the law requires municipalities to proportionally increase certain of these exemption amounts if a revaluation results in a grand list increase ([CGS § 12-62g](#); OLR Report [2024-R-0004](#) provides additional information). Therefore, the municipal option exemption amounts listed may be higher in some municipalities for:

1. the additional exemption for disabled veterans (under [CGS § 12-81f\(b\)](#)),
2. the additional exemption for wartime veterans or their surviving spouses (under [CGS § 12-81f\(a\)&\(c\)](#)), and
3. specially adapted homes (under [CGS § 12-81\(21\)\(c\)](#)).

## ***Additional Exemption for Disabled Veterans***

State law requires municipalities to provide veterans who have a Veterans Administration disability rating of at least 10% with (1) a “base exemption” ranging from \$2,000 to \$3,500, depending on the disability rating and (2) an income-based exemption of either 50% or 200% of the base exemption amount, depending on whether their income falls below or above a statutory threshold ([CGS § 12-81\(20\)](#), as amended by [PA 25-2](#), § 5, and [PA 25-168](#), § 234)).

Municipalities may provide an additional exemption to veterans with incomes below the statutory threshold. If the municipality chooses to provide the exemption, it must be at least \$3,000 and applied to the assessed value of the veteran’s real or personal property ([CGS § 12-81f\(b\)](#)).

## ***Additional Exemption for 100% Disabled Veterans***

State law requires municipalities to provide veterans who have a 100% disability rating with (1) a “base exemption” of \$3,500 and (2) an income-based exemption of either 50% or 200% of the base exemption (either \$1,750 or \$7,000), depending on whether their incomes fall below or above a statutory threshold (\$21,000 if married and \$18,000 if unmarried) ([CGS §§ 12-81\(20\)](#), as amended by [PA 25-2](#), § 5, and [PA 25-168](#), § 234, & [12-81g\(a\)](#)). (Veterans with a permanent and total disability rating are entitled to a different, mandatory exemption under [CGS § 12-81\(83\)](#), described below.)

Municipalities may increase the income-based exemption for those with incomes not above \$24,000 if married or \$21,000 if unmarried. Municipalities that do so must provide an income-based exemption equal to 300% of the base exemption (i.e. \$10,500), rather than the standard 200%. The exemption may be applied toward real or personal property ([CGS § 12-81g\(b\)](#)).

## ***Additional Exemption for Permanent and Total Disability***

Municipalities must fully exempt from property tax a primary dwelling or motor vehicle for each veteran who has a permanent and total (P&T) 100% disability rating, or for their spouse if the veteran owns neither. These veterans’ unmarried surviving spouses or minor children may be eligible for the exemption upon the veteran’s death.

Beginning with the 2025 assessment year, municipalities may change the scope of the exemption by (1) additionally exempting up to two acres of the primary dwelling’s lot (land) and (2) capping the exemption amount at the median assessed value of residential properties in the municipality. The municipality may also expand eligibility for the exemption by allowing surviving spouses to qualify for the exemption even if their eligible veteran spouse died before October 1, 2024 (the date the

state mandated exemption went into effect) ([CGS § 12-81\(83\)](#), as amended by [PA 25-2](#), § 4, and [PA 25-168](#), § 233).

### ***Additional Exemption for Wartime Veterans or Surviving Spouses***

Municipalities may provide qualified wartime veterans, or their surviving spouses, with a property tax exemption of up to \$20,000 or 10% of the assessed value of real or personal property.

Municipalities may set the income threshold for eligibility, with the minimum being the OPM-set income thresholds (see sidebar above) ([CGS § 12-81f\(a\)&\(c\)](#)). This exemption is in addition to the state-mandated exemption they must provide to these veterans or their surviving spouses ([CGS § 12-81\(19\)&\(22\)](#)).

### ***Exemption for Certain Non-Disabled Veterans Without Wartime Service***

The law allows a municipality to exempt up to \$5,000 or 5% of the assessed value of real or personal property for veterans who (1) do not qualify for certain other veterans' property tax exemptions (i.e. wartime, disabled, and severe service-related disability exemptions) and (2) have incomes below the OPM-set income thresholds (see sidebar above) or a higher one the municipality sets ([CGS § 12-81jj](#)).

### ***Exemption for Gold Star Parents and Spouses***

State law establishes two property tax exemptions for "Gold Star" families (specified relatives of a service member killed in action while performing active military duty) that municipalities may provide.

One exemption is available to Gold Star parents and surviving spouses. Under it, a municipality may exempt up to \$20,000 or 10% of the assessed value of real or personal property. To be eligible for this exemption, the claimant's income cannot exceed (1) the OPM-set income limit for a single person (see sidebar above) or (2) an amount the municipality sets, up to \$25,000 above the state limit. Recipients may receive this municipal option exemption in addition to any state-mandated exemption to which they are entitled (e.g., as the surviving spouse of a veteran with wartime service under [CGS § 12-81\(22\)](#)) ([CGS § 12-81ii](#), as amended by [PA 25-186](#), § 242).

Beginning October 1, 2025, municipalities may also adopt a property tax exemption that is available to unmarried Gold Star surviving spouses only. This exemption applies to the surviving spouse's primary dwelling or motor vehicle. Municipalities may additionally (1) exempt up to two acres of the primary dwelling's lot, (2) cap the exemption amount at the median assessed value of homes in the municipality, or (3) implement both changes. Surviving spouses receiving this

exemption generally may not receive other veteran-based exemptions, including state-mandated exemptions ([PA 25-168](#), § 241)

### ***Exemption for Income-Limited Veterans***

Municipalities may establish an exemption for veterans with incomes up to \$50,100 (based on federal adjusted gross income). Municipalities that do so must exempt 10% of the assessed value of a dwelling the veteran owns and uses as his or her primary residence ([CGS § 12-81kk](#)).

### ***Exemption for Total Disability Based on Individual Unemployability (TDIU)***

Municipalities must provide a property tax exemption to veterans (or their surviving spouses and minor children) who either have a U.S. Department of Veterans Affairs disability rating of at least 10% or receive federal compensation (e.g., an annuity or pension) for losing an arm or leg, or the equivalent in service. This state-mandated exemption is composed of (1) a base exemption amount (up to \$3,500, depending on the veteran's age and disability rating or federal compensation) plus (2) an income-based amount of either 50% or 200% of the base exemption, depending on whether their income falls below or above the OPM-set income threshold (see sidebar above) ([CGS § 12-81\(20\)](#), as amended by [PA 25-2](#), § 5, and [PA 25-168](#), § 233). (Different exemptions may apply if the disability rating is 100% (see *Additional Exemption for 100% Disabled Veterans* above) or total and permanent (see *Additional Exemption for Permanent and Total Disability* above).)

Beginning with the 2025 assessment year, municipalities may instead provide an alternative exemption for veterans who have a TDIU determination. This exemption covers the primary dwelling or a vehicle belonging to the eligible veteran or, if the veteran owns neither, his or her spouse. The municipality may also expand this municipal option exemption to (1) additionally exempt two acres of the primary dwelling's lot (land) and (2) make unmarried surviving spouses eligible even if their veteran spouse died before October 1, 2025 (the date the law establishing this municipal option exemption went into effect). The municipality may also cap the exemption amount at the median assessed value of homes in the municipality ([PA 25-168](#), §§ 234 and 240).

### ***Specially Adapted House***

Municipalities may fully exempt a veteran's house and lot if the veteran bought or modified the house using federal financial assistance for specially adapted housing ([CGS § 12-81\(21\)\(c\)](#)). (A specially adapted home is one outfitted to make it suitable for someone who has lost his or her limbs or eyesight.)

## **Miscellaneous**

### ***Child Care Center Tax Abatement***

Municipalities may establish a program to provide a tax abatement for certain child care centers, including family child care centers, which are run from a private home. The abatement may cover, for up to five years, up to 100% of the taxes owed on property, or a portion of property, that is (1) used to operate a family child care home (or child care center or group child care home) and (2) owned by the person, persons, association, organization, corporation, institution, or agency holding the child care license ([CGS § 12-81ll](#)).

### ***Exemption for Certain Conservation Easements***

Municipalities may abate property taxes for portions of a taxpayer's land that are subject to a conservation restriction preserving its use as a recreational trail. To qualify, the portion of land must meet certain, specified criteria (e.g., meet the Connecticut Greenways Council's criteria for designation as a greenway, be subject to a permanent conservation restriction, and not exceed 100 feet at its widest point). The abatement continues with the land (even if sold or transferred) until the municipality's legislative body, or board of selectmen if the legislative body is a town meeting, votes to end it ([CGS § 12-81mm](#)).

### ***Homestead Exemption***

Municipalities may exempt between 5% and 35% of the assessed value of owner-occupied single-family homes and duplexes (including condominiums and common interest community units that have up to two units). The municipality may also impose residency-length requirements and limit eligibility to dwellings with assessed values below a limit the municipality sets ([CGS § 12-81oo](#), as amended by [PA 25-168](#), § 393).

### ***Remediated Property***

Municipalities that have enacted anti-blight ordinances (under [CGS § 7-148\(c\)\(7\)\(H\)\(xv\)](#)) may abate the taxes on property that was cited for blight and subsequently rehabilitated. The abatement must equal the property's value before rehabilitation and last for the period specified in the anti-blight ordinance ([CGS § 12-121e](#)).

### ***Solar Energy Heating or Cooling Systems***

Municipalities may authorize a property tax exemption for buildings equipped with an active, passive, or hybrid solar energy heating or cooling system. The exemption applies to: (1) systems installed since October 1, 1976 (for active systems), or April 20, 1977 (for passive or hybrid

systems); (2) the first 15 assessment years after the system's installation; and (3) the amount by which the assessed valuation of the property equipped with the system exceeds the valuation of the property equipped with the conventional portion of the system, excluding any portion of the system related to solar energy ([CGS § 12-81\(56\) & \(62\)](#)).

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