

Questions on the New Property Tax Exemption for Veterans With a P&T Disability Rating

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Issue

This report answers questions about the new property tax exemption for veterans who have a service-connected permanent and total (P&T) disability rating ([PA 24-46](#), the relevant portion of which is expected to be codified as [CGS § 12-81\(83\)](#)). We address each question separately below.

The Office of Legislative Research is not authorized to provide legal opinions and this report should not be considered one.

Is the new exemption mandatory?

Yes, municipalities must provide this exemption to eligible applicants. It is not a municipal option exemption.

Who and what property is eligible for the exemption?

Connecticut residents who served in the Army, Navy, Marine Corps, Coast Guard, Air Force, or Space Force and have a service-connected permanent and total disability rating, as determined by the U.S. Department of Veterans Affairs (U.S. DVA), are eligible for the exemption.

The law fully exempts from property tax either (1) a dwelling the veteran owns and lives in as his or her primary residence or, (2) if the veteran does not own a dwelling, one motor vehicle he or she owns and keeps in this state.

If the veteran owns neither a dwelling nor a vehicle, the exemption may be applied toward one that belongs to, or is held in trust for, his or her spouse if they live together. Additionally, if the veteran dies, the dwelling or vehicle belonging to, or held in trust for, the surviving spouse (while he or she remains unmarried) or the veteran's child (while still a minor) is exempt. Under the law, they are exempt to the same extent the veteran was, or would have been entitled to be, at the time of his or her death.

When does the new law go into effect?

The new law goes into effect October 1, 2024, and is applicable to assessment years starting on or after that date. Therefore, the new exemption will not be reflected in tax bills until FY 26.

Is there an existing property tax exemption for veterans with a 100% disability rating?

Yes, under an existing law, veterans with a U.S. DVA disability rating of at least 10%, regardless of whether it is a permanent rating, are entitled to a property tax exemption. The exemption amount depends on a veteran's age, rating, and income level. The exemption (calculated as a dollar amount) may be applied toward any property belonging to, or held in trust for, the veteran. If the veteran does not own enough property to use the full exemption, it may be applied toward property belonging to, or held in trust for, the veteran's spouse if they live together ([CGS § 12-81\(20\)](#), as amended by [PA 24-46](#), § 2).

A veteran with a 100% rating is entitled to an exemption of at least \$10,500 if his or her income is \$18,000 or less (\$21,000 or less if the veteran is married). If the veteran's income is above this threshold, the exemption amount is at least \$5,250 ([CGS § 12-81g\(a\) & \(d\)](#)). The law requires municipalities to increase exemption amounts after certain revaluations ([CGS § 12-62g](#)). As a result, these exemption amounts are higher in many towns.

Veterans who qualify for this exemption may also qualify for an additional exemption amount if they have certain severe injuries (e.g., loss of use of an arm or leg). This additional amount can be applied to reduce the taxable value of the veteran's primary dwelling and the lot on which it is located ([CGS § 12-81\(21\)](#)).

Veterans may not simultaneously receive this exemption and the new P&T disability exemption.

What is the filing deadline?

The new exemption's filing deadlines are the same as the deadlines for the existing exemption for those with disability ratings (provided under [CGS § 12-81\(20\)](#), for veterans with a disability rating of at least 10%). Applicants must generally submit to their town assessor proof of:

1. qualifying military service (e.g., service in the Army, Navy, Marine Corps, Coast Guard, Air Force, or Space Force) by September 30 ([CGS §§ 12-93 & 12-95](#), as amended by [PA 24-46](#), § 3) and
2. a qualifying disability rating (i.e., a permanent and total disability under the new exemption) by March 31. This deadline may be later in towns that have granted their assessors an extension to file the grand list ([CGS § 12-95](#), as amended by [PA 24-46](#), § 3).

Once the applicant submits the necessary proof of his or her eligibility, the exemption goes into effect for the next assessment year ([CGS § 12-95](#), as amended by [PA 24-46](#), § 3).

What happens if a veteran is eligible but does not receive proof of his or her P&T rating until after the deadline to file it has passed?

The new law allows late filings under certain conditions, which are the same as those for the existing disability rating-based exemption (provided under [CGS § 12-81\(20\)](#), as amended by [PA 24-46](#), § 2, to veterans with a disability rating of at least 10%).

The law explicitly allows applicants to file proof of their P&T disability rating late. They may file it up to one year after:

1. getting proof of their qualifying disability rating or
2. the deadline to file it (generally March 31, see above) has passed.

These late filers may receive either a retroactive abatement or, if they have already paid that tax bill, a refund. The maximum retroactive abatement or refund amount a late filer may receive is three years' worth ([PA 24-46](#), § 1, which is expected to be codified as [CGS § 12-81\(83\)\(D\)](#)).

According to the Connecticut Association of Assessing Officers' 2023 "Handbook for Connecticut Assessors," the veteran's proof of qualifying military service must still be filed before the assessment date (i.e., October 1).

Is the law retroactive? Are veterans eligible for refunds of taxes they paid before the new law was passed?

The law applies to assessment years starting on and after October 1, 2024. Therefore, the exemption presumably does not apply to prior years and veterans would not be entitled to refunds for taxes they paid for prior years.

What constitutes a “dwelling”? Is the land also exempt?

The new law exempts a dwelling that the qualifying taxpayer owns and lives in as his or her primary residence (e.g., house or condominium unit).

The law explicitly states dwellings are covered but makes no mention of the land on which they are located. Presumably this means that only the dwelling, and not the land, is exempt. (Other property tax exemptions specify that they may be applied toward either the dwelling or the lot (see, e.g., [CGS § 12-81\(21\)\(A\) & \(C\)](#)), suggesting the new law would have similarly specified that lots are exempt if they were covered under the new exemption.)

Can the exemption be applied to a dwelling for which the veteran has a reserved life use?

Under the new law, veterans must own the property for which the exemption is claimed (see also [CGS § 12-85](#)). The Connecticut Association of Assessing Officer’s *2023 Handbook for Connecticut Assessors*, pp. 8-9, states the following about exemptions:

While the general perception of ownership encompasses fee simple title, property ownership (in the context intended under this statute) can take one of many forms. Regardless of the type of ownership involved, the veteran, active duty serviceman or the qualified survivor of the veteran must be responsible for the payment of the taxes with respect to the property against which the exemption will be applied.

Consequently, the veteran (or the veteran’s spouse) would have to both own and owe taxes on the dwelling to qualify for the new exemption. Therefore, unless these requirements were met, a veteran with a life use (or “life estate”) would not qualify.

Can the exemption be applied to a dwelling held in trust for an eligible veteran?

The existing exemption for veterans with a disability rating (under [CGS § 12-81\(20\)](#), as amended by [PA 24-46](#), § 2) specifies that it applies to property belonging to, or held in trust for, a qualifying veteran. Conversely, the new exemption for veterans with a P&T disability rating does not specify that it covers property held in trust for qualifying veterans. The law requires that the veteran own the dwelling (or motor vehicle).

However, under the new law, if a veteran lacks a dwelling (or motor vehicle) in his or her name, the P&T exemption may be applied to one owned by, or held in trust for, his or her spouse ([PA 24-46](#), § 1, which is expected to be codified as CGS § 12-81(83)(B)).

Must applicants have a 100% disability rating to qualify? Or could they qualify if they receive total disability based on individual unemployability (TDIU) and it is deemed permanent and total?

The law states that an applicant must have a service-connected permanent and total disability rating, as determined by the U.S. DVA, to qualify. The law does not define “total” or refer to a federal definition. Thus, the law is silent on whether only a 100% rating qualifies as a total disability rating or a lower rating coupled with a permanent TDIU determination would qualify as well. (A veteran who qualifies for TDIU receives benefits at the same level as an individual who has a 100% disability rating even though he or she may not meet the criteria for a 100% schedular rating; this determination may be deemed by the U.S. DVA to be permanent and total.)

Table 1: Comparison of Schedular Ratings and TDIU

Schedule for Rating Disabilities (or “schedular rating”)	TDIU
Under the rating schedule, the U.S. DVA evaluates the severity of a veteran’s service-connected conditions, and reduced earning capacity, and assigns the veteran a rating that is expressed as a percentage. The highest rating is 100%, which means that the veteran is totally disabled. The rating may be deemed permanent or temporary (38 C.F.R. Part 4 ; see also U.S. DVA webpage “ About disability ratings ”)	The U.S. DVA may assign this rating to veterans whose schedular ratings are less than total but they are nevertheless unable to maintain substantially gainful occupation due to service-connected disabilities. To qualify, a veteran’s rating must generally meet minimum thresholds that depend on the number of disabilities he or she has (e.g., at least a 60% rating if he or she has one service-connected disability) (38 C.F.R. § 4.16 ; see also U.S. DVA special claims website “ Individual Unemployability if you can’t work ”)

What information or form must an applicant submit to the town assessor to prove he or she has a qualifying disability?

The law does not specify a particular type of evidence an applicant must submit to prove his or her disability is a qualifying one. The [U.S. DVA provides letters](#) outlining a veteran's summary of benefits, including a veteran's disability rating and whether it is a P&T rating (see [Appendix A](#) for an example). According to assessors, these are the forms that veterans commonly submit to prove their disability rating.

Once applicants qualify, they do not need to resubmit this evidence. However, if the U.S. DVA changes the veteran's disability rating (to something other than P&T), the claimant loses eligibility for this exemption. But the veteran may then apply for the other disability-rating exemption provided to veterans with at least a 10% rating ([CGS § 12-81\(20\)](#), as amended by [PA 24-46](#), § 2).

OLR Report [2023-R-0293](#) provides additional information on filings for veterans' exemptions generally.

Appendix A – Example of U.S. DVA Summary of Benefits Letter



DEPARTMENT OF VETERANS AFFAIRS

February 15, 2023

[Redacted]
CT

In Reply Refer to:

[Redacted]

Dear [Redacted]:

This letter is a summary of benefits you currently receive from the Department of Veterans Affairs (VA). We are providing this letter to disabled Veterans to use in applying for benefits such as state or local property or vehicle tax relief, civil service preference, to obtain housing entitlements, free or reduced state park annual memberships, or any other program or entitlement in which verification of VA benefits is required. Please safeguard this important document. This letter is considered an official record of your VA entitlement.

Our records contain the following information:

Personal Claim Information

Your VA claim number is: [Redacted]

You are the Veteran.

Military Information

Your most recent, verified periods of service (up to three) include:

Branch of Service	Character of Service	Entered Active Duty	Released/Discharged
[Redacted]	Honorable	[Redacted]	[Redacted]

(There may be additional periods of service not listed above.)

VA Benefit Information

You have one or more service-connected disabilities:	Yes
Your combined service-connected evaluation is:	100%
Your current monthly award amount is:	[Redacted]
The effective date of the last change to your current award was:	December 01, 2022
You are considered to be totally and permanently disabled due solely to your service-connected disabilities:	Yes
The effective date of when you became totally and permanently disabled due to your service-connected disabilities:	[Redacted]

You should contact your state or local office of Veterans' affairs for information on any tax, license, or fee-related benefits for which you may be eligible. State offices of Veterans' affairs are available at <http://www.va.gov/statedva.htm>.

How You Can Contact Us

- If you need general information about benefits and eligibility, please visit us at <https://www.ebenefits.va.gov> or <http://www.va.gov>.
- Call us at 1-800-827-1000. If you use a Telecommunications Device for the Deaf (TDD), the number is 1-800-829-4833.
- Ask a question on the Internet at <https://www.va.gov/contact-us>.

Sincerely Yours,

Regional Office Director



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