

Mandatory Property Tax Relief for Homeowners

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August 2, 2024 | 2024-R-0126

Issue

Describe the property tax relief municipalities must provide to eligible homeowners (i.e., mandatory programs). This report updates OLR Report [2021-R-0172](#).

Summary

Connecticut laws require municipalities to provide property tax relief for specific groups of taxpayers, such as those who are seniors, veterans, or have a disability. Additionally, some taxpayers are eligible for an exemption for using certain renewable energy sources and an income tax credit for paying property taxes.

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). With few exceptions, indicated below, the law allows the relief to be applied toward personal property (e.g., motor vehicles), as well.

Under state law, municipalities may choose to provide more relief to these groups and may extend certain relief to other

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 he or she owed at a particular time.

homeowners, including emergency personnel and individuals with a financial hardship. OLR Report [2024-R-0118](#) provides an overview of these optional property tax relief programs.

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Relief for Seniors and People With Disabilities

Circuit Breaker Program

The Circuit Breaker Program entitles older adults and individuals with a permanent and total disability to a property tax reduction of up to \$1,250 for married couples and \$1,000 for individuals. The reduction applies only to taxes owed on their homes. It cannot be applied toward taxes owed on personal property.

To qualify, an applicant must (1) be age 65 or older, have a spouse age 65 or older, or be at least age 50 and a surviving spouse of someone who, at the time of his or her death, was eligible for the program; (2) occupy the property to which the tax applies as his or her home; (3) live in Connecticut at least one year before applying; and (4) have income at or below a statutory threshold ([CGS §§ 12-170aa to -cc](#)). The current qualifying income threshold for this program is \$53,400 for married couples and \$43,800 for singles, based on 2023 income.

Historically, the state generally reimbursed municipalities for lost revenue attributed to this program. Since 2017 however, the law has allowed the state, with certain exceptions, to reduce reimbursements to municipalities by up to 100%. However, the law requires municipalities to continue to provide tax reductions to eligible homeowners, regardless of reimbursement levels ([CGS § 12-170aa\(g\)](#)).

More information on the program is available on the [Office of Policy and Management's website](#).

Tax Freeze for the Disabled or Elderly

As part of a 1967 state-funded program, municipalities were required to cap the property taxes of elderly homeowners, but the program has been closed to new applicants since 1980. (In FY 24, the program had three participants.) An enrolled homeowner's property tax liability is capped at the amount they paid in their first year in the program.

In order to have qualified, applicants had to be at least 65 years or older and have an adjusted gross income of under \$6,000. Surviving spouses of taxpayers who qualified at the time of their death must have been at least 50 years old to qualify. In addition, they must have occupied the eligible property as their primary home and have lived in the state for at least one year ([CGS § 12-129b](#)).

Exemption for Taxpayers With Disabilities

Qualifying taxpayers with disabilities are entitled by law to a \$1,000 property tax exemption. In order to qualify, they must (1) be 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) be 65 years or older and no longer eligible to receive benefits under the disability benefit provisions of Social Security ([CGS § 12-81\(55\)](#)). Municipalities may provide an additional exemption to these taxpayers of up to \$1,000 ([CGS § 12-81i](#)).

Exemption for the Blind

Municipalities must exempt \$3,000 of property belonging to individuals who provide satisfactory proof to the board of assessors that they are blind. For purposes of the exemption, to be blind means to have either (1) total and permanent loss of sight in both eyes, (2) a reduction in vision so that the central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or (3) limited fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees ([CGS §§ 12-81\(17\)](#) & [12-92](#)). Municipalities may exempt up to an additional \$2,000 of these individuals' property if their incomes do not exceed a statutorily threshold ([CGS § 12-81j](#)).

Relief for Veterans and Veteran Families

Taxpayers who are veterans may qualify for property tax relief based on the length and nature of their service and certain disabilities they sustained as a result of their service. As described below, the relief amount generally depends, in part, on their income level. The surviving spouses, minor children, and parents of deceased veterans may qualify for relief as well. Generally, individuals who qualify for multiple service-related tax relief programs may only claim one. Certain programs, though, permit eligible individuals to claim more than one.

The benefit amounts in this section reflect the amounts set in statute. Municipalities must increase these amounts if a revaluation results in a grand list increase ([CGS § 12-62g](#)). OLR Report [2024-R-0004](#) provides additional information on the amounts each town must provide.

Exemption for Wartime Veterans and 30-Year Retirees

Municipalities must provide a “basic exemption” plus an income-based exemption to (1) qualified wartime veterans and (2) veterans who retired after 30 years of service due to their reaching the age limit prescribed by law or suffering from mental or physical disabilities.

The basic exemption is \$1,000 ([CGS § 12-81\(19\)](#)). The income-based exemption equals 50% of the basic exemption (\$500) for veterans whose incomes exceed the Office of Policy and Management- (OPM) set income thresholds (see sidebar); for veterans whose incomes are at or below the thresholds, the income-based exemption is equal to twice the basic exemption (\$2,000); ([CGS § 12-81g\(a\) & \(d\)](#)). Municipalities may provide additional local option exemptions to veterans who are eligible for this program and also meet certain income limits ([CGS § 12-81f](#)).

OPM-Set Income Threshold

For 2024, the income thresholds are based on 2023 income and as follows:

- \$43,800 for unmarried applicants
- \$53,400 for married applicants

Exemption for Veterans With Disability Ratings or Limb Loss

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.

The total exemption amount depends on a veteran's age, rating, and income level and consists of the following:

1. a “basic” exemption amount based on the veteran’s disability rating or federal compensation;
2. an additional severe-service related disability amount (e.g., for loss of one or both arms or legs); if applicable, plus
3. an income-based exemption.

Basic Amount. For veterans with a qualifying disability rating, the basic exemption amounts are graduated and range from \$2,000 (for veterans with at least a 10% rating) to \$3,500 (for those with at least a 75% disability rating or who are at least 65 years old). For veterans receiving federal compensation due to loss of an arm or leg, the basic exemption is up to \$3,500 ([CGS § 12-81\(20\)](#), as amended by [PA 24-46](#), § 2).

Severe, Service-Connected Disability Amount. Veterans who are eligible for the basic amount (e.g., based on their disability rating) are eligible for an increased amount if they have certain, specified disabilities resulting from enemy action, disease, or an accident during their service. These veterans receive either an additional \$5,000 or \$10,000 exemption, depending on the extent of the disability. For example, for a veteran who lost both legs, the exemption is increased by \$10,000 and for a veteran who lost one leg, it is increased by \$5,000.

This exemption amount may only be applied toward the taxpayer's dwelling and lot ([CGS § 12-81\(21\)](#)).

Income-Based Amount. For veterans with incomes at or below the OPM-set thresholds (see sidebar above), the income-based amount equals twice their basic exemption plus severe service-connected disability amount, if they receive one. For veterans with incomes above the threshold, it equals 50% of their basic and severe service-connected amount. For veterans with 100% disability ratings who qualify under this exemption, the income threshold is lower (\$21,000 for married recipients and \$18,000 for unmarried recipients) ([CGS § 12-81g\(a\) & \(d\)](#)).

Exemption for Veterans With a P&T Disability Rating

Beginning with the October 1, 2024, assessment year, municipalities must fully exempt from property tax a primary dwelling or motor vehicle for each veteran who has a permanent and total (P&T) disability rating. These veterans' spouses or minor children may be eligible for the exemption upon the veteran's death.

The eligibility criteria and application requirements for this new exemption are generally the same as those for the existing disability rating-based exemption for veterans (described above). To qualify, a veteran must have served in the U.S. Army, Navy, Marine Corps, Coast Guard, Air Force, or Space Force; reside in this state; and file for the exemption with the town assessor ([PA 24-46](#), § 1).

Exemptions for Surviving Spouses and Minor Children

Surviving spouses of deceased veterans who qualified for a disability-based exemption (described above) may generally claim their deceased veteran's exemption ([CGS § 12-81\(20\), \(21\) & \(83\)](#), as amended by [PA 24-46](#)). Other exemptions, described below, are specifically for surviving spouses and minor children. Generally, a surviving spouse may only claim these exemptions while he or she remains unmarried.

Death During or After Service. A surviving spouse or minor child of a veteran who died in service or after receiving a qualifying discharge is entitled to a \$1,000 exemption (a "basic exemption"). If the veteran's death was due to his or her service and occurred while on active duty, the basic exemption is \$3,000 ([CGS § 12-81\(22\)](#)). Although the law generally prohibits individuals from claiming more than one veteran-related exemption, it allows an individual who is entitled to the exemption under [CGS § 12-81\(19\)](#) (i.e., as a veteran) and also this exemption (as a surviving spouse) to receive both ([CGS § 12-90](#)).

Recipients additionally receive an income-based exemption equal to (1) 50% of the basic exemption if their income exceeds the OPM-set threshold (i.e., \$500 or \$1,500) or (2) twice the basic exemption if it does not (i.e., \$2,000 or \$6,000) ([CGS § 12-81g\(a\) & \(d\)](#)).

Spouses Receiving Federal Pension or Compensation. The surviving spouse (but not child) of a veteran who served in the Army, Navy, Marine Corps, Coast Guard, or Air Force is entitled to a basic exemption of \$1,000 if he or she received a pension, annuity, or compensation from the federal government ([CGS § 12-81\(23\)](#)).

These surviving spouses additionally receive an income-based exemption equal to (1) 50% of the basic exemption if their income exceeds the OPM-set threshold or (2) twice the basic exemption if it does not ([CGS § 12-81g\(a\) & \(d\)](#)).

Exemptions for Parents of Veterans

Parents Receiving Federal Pension or Compensation. Parents who currently or previously received a pension, annuity, or other compensation from the federal government are entitled to a \$1,000 exemption (a “basic exemption”) if their child served in the Army, Navy, Marine Corps, Coast Guard, or Air Force ([CGS § 12-81\(26\)](#)).

These parents are additionally entitled to an income-based exemption equal to (1) 50% of the basic exemption if their income exceeds the OPM-set threshold or (2) twice the basic exemption if it does not ([CGS § 12-81g\(a\) & \(d\)](#)).

Widow or Widower Parents of Wartime Veterans. Under a separate provision, a sole-surviving parent of a veteran is entitled to a \$1,000 exemption (a “basic exemption”) if the veteran left no un-remarried surviving spouse and died during, or after receiving a qualifying discharge from, wartime service. To qualify, the parent must be a widow or widower ([CGS § 12-81\(25\)](#)).

Recipients are additionally entitled to an income-based exemption equal to (1) 50% of the basic exemption if their income exceeds the OPM-set threshold or (2) twice the basic exemption if it does not ([CGS § 12-81g\(a\) & \(d\)](#)).

Miscellaneous

Electric Vehicle Charging Stations

By law, electric vehicle charging stations on residential property are exempt from property taxes ([CGS § 12-81\(80\)](#)).

Income Tax Credit for Property Taxes Paid

The state indirectly reduces property tax payments by allowing residents who made qualifying property tax payments to claim a tax credit against their Connecticut income tax liability.

The maximum credit amount is \$300 per tax return and is for property taxes paid on a primary residence, privately owned or leased motor vehicle, or both ([CGS § 12-704c](#)).

Residential Renewable Energy Source Exemption

By law, Class I renewable energy sources (e.g., wind and solar) installed on or after October 1, 2007, for private residential use (or for use on a farm) are exempt from property tax. A facility cannot be disqualified from this exemption because it (1) uses or participates in net metering, a tariff policy, or another state program or (2) is owned by someone other than the property owner (e.g., leased solar panels). However, eligibility is limited to those whose estimated annual production does not exceed the estimated annual load where the facility is located.

Passive or active solar water or space heating systems are also exempt, regardless of their use. The exempted amount equals the amount by which the system's or resource's "unconventional" portions increase the property's assessed value ([CGS § 12-81\(57\)](#)).

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