

Municipal-Option Property Tax Exemptions for Veterans

By: Matthew H. Frame, Associate Legislative Attorney
September 10, 2025 | 2025-R-0131

Issue

Describe the municipal-option property tax exemptions for veterans. This report partially updates OLR Report [2024-R-0018](#) (see that report for the 2023 OLR survey conducted on municipal adoption of these exemptions).

Summary

In addition to exemptions towns must provide to veterans (commonly referred to as “state-mandated exemptions”), state law allows towns to grant additional property tax exemptions to certain veterans (or “municipal-option exemptions”). Exemptions are a reduction in a property’s assessed value on which taxes are owed; they are not credits against the total amount owed.

An individual’s eligibility for an exemption is often contingent on the veteran’s qualifying factors (e.g., if he or she has qualifying wartime service or disabilities) and income level. With certain exceptions, exemptions based on a veteran’s income level use a statutorily-set threshold that the Office of Policy and Management (OPM) annually updates to reflect the Social Security Administration’s cost-of-living adjustments ([CGS § 12-81l](#)).

The law requires municipalities to increase certain exemption amounts if a revaluation results in a grand list increase of a certain amount (see Increase in Exemption Amounts After a Revaluation, below, and OLR Report [2025-R-0130](#)) ([CGS § 12-62g](#)).

OPM-Set Income Threshold

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

- \$45,200 for individuals
- \$55,100 for married with joint income

Exemption for Wartime Service and 30-Year Retirees

Exemption Description

Under state law, municipalities may provide an additional property tax exemption to wartime veterans and 30-year retirees who qualify for the state-mandated one. Generally, the state-mandated exemption must be provided to veterans who (1) have qualifying wartime service or (2) retired from the U.S. Armed Forces after 30 years of service because they reached the law's prescribed age limit or suffered from a mental or physical disability ([CGS § 12-81\(19\)](#)).

If a veteran qualifies for the mandated exemption, municipalities may also exempt up to \$20,000 or 10% of a property's assessed value for veterans whose incomes are below a set threshold. Municipalities set the income threshold, which must be equal to or higher than the OPM-set one (see Summary, above) ([CGS § 12-81f\(a\)](#)).

Exemptions for Veterans With Disabilities

Veterans (and service members) with certain disabilities who reside in the state are entitled to a property tax exemption. Municipalities may adopt certain additional exemptions for veterans who qualify for the state-mandated exemption as well as exemptions for certain categories of disabled veterans.

State-Mandated Exemption

Municipalities must generally provide an exemption to veterans who:

- have a U.S. Department of Veteran Affairs (U.S. DVA) disability rating of 10% or more or
- receive a pension, annuity, or compensation from the United States due to the service-related loss of their arm, leg, or equivalent ("federal compensation") ([CGS § 12-81\(20\)](#)).

The state-mandated exemption for veterans with disabilities consists of three parts:

1. an amount based on the veteran's disability rating or federal compensation;
2. an additional severe service-related disability amount, if applicable (e.g., for loss of one or both arms or legs) ([CGS § 12-81\(21\)](#)); and
3. an income-based exemption equal to:
 - 50% of the base exemption (i.e. the disability rating or federal compensation-based amount plus the severe service disability amount, if any) if the veteran's income exceeds a set income threshold (see below) or

- twice the base exemption if the veteran's income is at or below the threshold ([CGS § 12-81g\(a\) & \(d\)](#)).

This exemption does not apply to veterans who have a (1) 100% Permanent and Total (P&T) disability rating as determined by U.S. DVA or (2) service-connected Total Disability Based on Individual Unemployability (TDIU) disability rating and are in a municipality that has adopted the municipal-option exemption for these veterans (see below for the applicable exemptions for these veterans) ([CGS § 12-81\(20\)\(A\)](#)).

For 100% disabled veterans, the income threshold is \$18,000 for unmarried veterans and \$21,000 for married veterans. For all other qualifying veterans, the income threshold is the higher, OPM-set amount (see Summary, above) ([CGS § 12-81g\(a\) & \(d\)](#)).

Veterans With a Disability Rating or Federal Compensation

Municipalities may provide an additional property tax exemption to veterans who have a disability rating or receive federal compensation and have incomes below a municipally set threshold. The municipality may use the OPM-set threshold (see Summary, above) or set a higher one. If the municipality chooses to provide this exemption, the exemption must be at least \$3,000 and increased following certain revaluations (see Increase in Exemption Amounts After a Revaluation, below) ([CGS § 12-81f\(b\)](#)).

100% Disability Municipal Option

For veterans with a 100% disability rating and income below a set threshold, a municipality may provide an income-based amount equal to three times (rather than two times) the disability-rating base amount under [CGS § 12-81\(20\)](#). The income threshold for this optional exemption is \$21,000 for unmarried individuals and \$24,000 if married ([CGS § 12-81g\(b\)](#)).

The base amount set in statute for veterans with a 100% disability rating is \$3,500, meaning this municipal option would provide veterans with incomes below the threshold an exemption of \$10,500 (rather than \$7,000). However, certain towns must provide a higher base amount, which increases the optional exemption amount accordingly (see Increase in Exemption Amounts After a Revaluation, below).

Veterans With a 100% P&T Disability Rating

By law, towns must provide a property tax exemption to veterans who have a 100% P&T disability rating as determined by U.S. DVA ([CGS § 12-81\(83\)](#)). Generally, 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.

However, for assessment years on or after October 1, 2025, the law additionally allows any municipality, by vote of its legislative body (or a vote of the board of selectmen if the legislative body is a town meeting), to do either or both of the following:

1. exempt up to two acres of the lot the eligible dwelling sits on, and
2. limit the total exemption amount to the median assessed value of residential real property in the municipality ([CGS § 12-81\(83\)](#), as amended by [PA 25-168](#), § 233).

Veterans With a TDIU Rating

For state residents determined by U.S. DVA to have a service-connected TDIU rating, the law allows municipalities, instead of providing the state-mandated exemption for disabled veterans (see above), to authorize an exemption similar to the state-mandated 100% P&T exemption. If adopted, this alternative exemption applies to the same property and under the same circumstances as the 100% P&T exemption. Additionally, a municipality may, with its legislative body's approval, expand the scope of this exemption in the same ways as the 100% P&T exemption (see above) ([PA 25-168](#), § 240).

Specially Equipped Motor Vehicle

The law allows a municipality to grant a property tax exemption (a uniform percentage of the assessed value) for one motor vehicle owned by a veteran who qualifies for an exemption based on his or her disability rating, federal compensation, severe service-related disability, or 100% P&T disability rating, under [CGS § 12-81\(20\), \(21\), & \(83\)](#). To qualify, the vehicle must be specially equipped to accommodate the veteran's disability. A veteran who is eligible to claim both this exemption and the 100% P&T exemption may not receive more than one exemption for a motor vehicle ([CGS § 12-81h](#)).

Specially Adapted House

The law also allows municipalities to completely exempt from property taxes a veteran's house and house lot acquired or modified under a federal financial aid program for specially adapted housing for veterans. (A specially adapted house is one outfitted to be suitable for someone who lost his or her limbs or eyesight.) This exemption is only available to individuals with a severe service-related disability ([CGS § 12-81\(21\)\(C\)](#)).

Other Municipal Option Exemptions

Veterans Ineligible for State-Mandated Exemptions

By law, municipalities, with their legislative body's approval, may provide a property tax exemption to veterans who have incomes below a municipally set threshold and are ineligible for any of the exemptions for wartime, retired, or disabled veterans. Under this exemption, a municipality may exempt up to \$5,000 or 5% of a property's assessed value. The municipality may set the qualifying income threshold at the OPM-set amount (see Summary, above) or a higher amount ([CGS § 12-81jj](#)).

Veterans' Primary Residences

The law allows municipalities to establish an exemption for income-qualifying veterans' primary residences by a vote of their legislative body (or board of selectmen if the legislative body is a town meeting). The exemption (1) is available to veterans with up to \$50,100 in federal adjusted gross income and (2) equals 10% of the assessed value of a dwelling the veteran owns and uses as his or her primary residence ([CGS § 12-81kk](#)). This exemption is not subject to the law limiting the number of veterans' exemptions an individual may claim ([CGS § 12-90](#)).

Increase in Exemption Amounts After a Revaluation

Municipalities must increase certain exemptions if, after performing a revaluation, their grand list increases by a certain amount ([CGS § 12-62g](#)). (A revaluation is the process of periodically capturing changes in real property values.) For municipal-option exemptions, this primarily applies to exemptions for veterans with a disability rating or federal compensation ([CGS § 12-81f](#)). It also applies to the base state-mandated exemption amount for disabled veterans. Increases to this base amount result in increases to the optional exemption for 100% disabled veterans ([CGS § 12-81g](#)).

MHF:co