



COMMONWEALTH OF MASSACHUSETTS  
EXECUTIVE OFFICE OF VETERANS' SERVICES  
600 Washington Street, 7<sup>th</sup> floor  
Boston, MA 02111

TEL: (617) 210-5480 FAX: (617) 210-5755 TTY: (617) 210-5883  
[www.mass.gov/veterans](http://www.mass.gov/veterans)

**MAURA T. HEALEY**  
GOVERNOR

**JON SANTIAGO, MD, MPH**  
SECRETARY

**KIMBERLEY DRISCOLL**  
LIEUTENANT GOVERNOR

December 31, 2024

Steven T. James  
House Clerk  
State House, Room 145  
Boston, MA 02133

Michael D. Hurley  
Senate Clerk  
State House, Room 335  
Boston, MA 02133

Dear Clerk James and Clerk Hurley,

Pursuant to Section 151 of Chapter 178 of the Acts of 2024, please find enclosed "*A Study on Property Tax Abatements and Exemptions for Veterans and Surviving Spouses*" from the Executive Office of Veterans Services, in consultation with the Department of Revenue.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jon Santiago".

Jon Santiago

CC:

Senator Michael Rodrigues, Senate Chair of the Joint Committee on Ways and Means  
Representative Aaron Michlewitz, House Chair of the Joint Committee on Ways and Means  
Senator John Velis, Senate Chair, Joint Committee on Veterans and Federal Affairs  
Representative Gerard Cassidy, House Chair, Joint Committee on Veterans and Federal Affairs

**A Study on  
Property Tax Abatements and  
Exemptions for Veterans and  
Surviving Spouses**

**December 2024**

## Legislative Mandate

The following report is issued pursuant to Section 151 of Chapter 178 of the Acts of 2024, *An Act Honoring, Empowering, And Recognizing Our Servicemembers and Veterans*, summarized as follows:

*SECTION 151. The Executive Office of Veterans Services, in consultation with the Department of Revenue, shall study property tax abatements and exemptions for veterans and surviving spouses pursuant to Chapter 59 of the General Laws. The study shall include, but not be limited to: (i) veteran property tax exemptions in other states; (ii) the utilization of a sliding scale based on the percentage of a veteran's disability for the awarding of such exemption to veterans and spouses; (iii) determination of the relation of tax abatements and exemptions to United States Department of Veterans Affairs disability rating; (iv) the financial impact these tax exemptions have on veterans with disabilities; and (v) any anticipated monetary cost that the exemptions may cause. The office shall file a report of its findings and recommendations with the Joint Committee on Veterans and Federal Affairs, the clerks of the Senate and House of Representatives and the Senate and House committees on Ways and Means...*

## **Table of Contents**

*Introduction*

*(i) Veteran Property Tax Exemptions in Other States*

*(ii) Utilization of a Sliding Scale Based on Disability*

*(iii) Relation of Tax Exemptions to Disability Rating*

*(iv) Financial Impact*

*(v) Anticipated Monetary Cost*

*Conclusion*

## Introduction

Property tax exemptions are a powerful policy tool used by state and municipal governments to increase the affordability of homeownership for residents. Every state offers some form of property tax exemption to homeowners with many exemptions associated with veteran status. Several veteran property tax exemptions are based on VA service-connected disability ratings or injuries sustained as a result of military service.

### United States Department of Veteran Affairs Service-Connected Disability

The United States Department of Veteran Affairs (VA) provides eligible veteran with a service-connected disability rating between 0% to 100%.<sup>1</sup> This rating is a percentage assigned to a veteran's disability that was caused or aggravated by their military service, indicating the degree to which their condition impacts their ability to work and live a normal life. To obtain a service-connected disability rating, veterans submit a claim to the VA, which then reviews the claim and assigns a rating.<sup>2</sup> Service-connected disability ratings may change throughout a veteran's life based on their health as well as policy changes that expand the VA's criteria and eligible conditions.

### Trends in the National Veteran Population

The percentage of veterans with a service-connected disability has increased since 2008. One study found that the national percentage of veterans with a service-connected disability doubled between 2008 and 2022, increasing from 15% to 30%.<sup>3</sup> In addition to the increase in the number of veterans with a service-connected disability, the rating tied to the service-connected disability is also increasing. This same study found that the percentage of veterans having a "high service-connected disability rating" (70% or more) increased by fivefold from 2.6% to 12.8% between 2008 and 2022.<sup>3</sup> The study further suggested that the prevalence of high service-connected disability ratings is more common among younger veterans, including 16% of post-9/11 veterans and 13% of Gulf War veterans.<sup>3</sup>

---

<sup>1</sup> U.S. Department of Veterans Affairs. 2024. "Disability." U.S. Department of Veterans Affairs. Accessed December 11, 2024. <https://www.va.gov/disability/>.

<sup>2</sup> U.S. Department of Veterans Affairs. 2024. "About Disability Ratings." U.S. Department of Veterans Affairs. Accessed December 11, 2024. <https://www.va.gov/disability/about-disability-ratings/>.

<sup>3</sup> U.S. Census Bureau. *American Community Survey 2024: 58th Annual Report*. U.S. Census Bureau, 2024. <https://www2.census.gov/library/publications/2024/demo/acs-58.pdf>.

## **Trends in the Massachusetts Veteran Population**

According to the 2023 American Community survey, Massachusetts had approximately 234,000 veterans in the state.<sup>4</sup> Approximately 57,000 veterans, 24% of the state's veteran population, reported having some degree of service-connected disability.<sup>4</sup> This reflects an 8% increase in the total number of veterans reporting a service-connected disability between 2017 and 2023.<sup>4</sup> In addition to a higher percent of veterans reporting a service-connected disability, Massachusetts veterans are reporting higher service-connected disability ratings. Between 2017 and 2023, the percentage of veterans reporting a service-connected disability rating of 70%+ increased by 35% from 16,248 to 21,856.<sup>5</sup>

## **Expansion of Service-Connected Disability Eligibility and Ratings**

The number of veterans with service-connected disability ratings and the average percentage of ratings have fluctuated over time due to policy changes and the evolving veteran population. One notable change has been the number of veterans facing mental health challenges, particularly since the beginning of the Global War on Terror. The Wounded Warrior Project's most recent survey of post-9/11 veterans noted that 75.9% of veterans reported experiencing PTSD, 49.8% reported moderate to severe symptoms of two or more mental health conditions, such as depression and anxiety, and 28.3% reported having suicidal thoughts in the last 12 months.<sup>5</sup> Given the propensity for medical diagnoses to result in a high service-connected disability rating, the increase in PTSD diagnoses will likely continue to raise the average service-connected disability rating. Some have argued that increased focus on mental health disorders among veterans has led to more parity and equity among disabled veterans.<sup>6</sup>

In addition to increases in mental health disorder diagnoses, the VA has expanded service-connected disability eligibility and ratings through policy changes. One recent policy, the 2022 PACT Act, increased VA benefits and enabled more veterans to qualify for service-connected disabilities.<sup>7</sup> Nationally, the PACT Act allowed 161,706 more veterans to enroll in the Veteran Health Administration by expanding

---

<sup>4</sup> U.S. Census Bureau, U.S. Department of Commerce, "Service-Connected Disability-Rating Status and Ratings for Civilian Veterans 18 Years and Over," 2023. American Community Survey, ACS 1-Year Estimates Detailed Tables, Table B21100, 2023, accessed on December 10, 2024, <https://data.census.gov/table/ACS1Y2023.B21100?t=Disability:Veterans&g=040XX00US25&y=2023>.

<sup>5</sup> Veteran Statistics & Facts - Annual Warrior Survey | WWP.

<https://www.woundedwarriorproject.org/mission/annual-warrior-survey>. Accessed 23 Oct. 2024.

<sup>6</sup> Wounded Warrior Project. 2022 Annual Warrior Survey: Full Report. Jacksonville, FL: Wounded Warrior Project, 2022. <https://www.woundedwarriorproject.org/media/ylwhpx4h/wwp-2022-annual-warrior-survey-full-report.pdf>.

<sup>7</sup> U.S. Department of Veterans Affairs. "PACT Act Overview." Public Health. Accessed December 18, 2024. <https://www.publichealth.va.gov/exposures/providers/PACT-Act-Info.asp>.

conditions that provide a VA service-connected disability rating.<sup>8</sup> In Massachusetts, 1,838 veterans enrolled in the Veterans Health Administration program as a result of expanded eligibility.<sup>9</sup>

## **(i) Veteran Property Tax Exemptions in Other States**

### **Property Tax Exemptions Nationally vs Massachusetts**

Property tax exemptions are a widely used policy tool to provide financial benefits to veterans. Currently, 22 states require a 100% disability rating to receive any property tax exemption, with 18 of these states offering a full exemption to those veterans.<sup>9</sup> Additionally, 30 states require a minimum of 50% disability for a veteran to receive any property tax exemption.<sup>10</sup> Few states, including Texas, Louisiana, and Illinois, utilize a sliding scale exemption model based on the percentage of a veteran's VA disability rating.<sup>10</sup>

Massachusetts municipalities offer varying veteran property tax exemptions to veterans based on several factors, including the type and level of disability.<sup>10</sup> Massachusetts municipalities also offer property tax exemptions to unmarried widows of veterans, as well as certain eligible parents. Massachusetts law provides property tax exemptions via a local option (i.e., state law that allows municipalities the opportunity to adopt these exemptions). These exemptions are enumerated in Massachusetts General Law Chapter 59, Section 5, Clauses 22(a-f), 22A, 22B, 22C, 22D, 22E, and 22F.

In most instances, veterans with a service-connected disability between 10% and 90% are eligible for a \$400 tax exemption, while veterans with a 100% service-connected disability are eligible for either a \$1,000 or \$1,500 exemption. Certain paraplegic veterans, surviving spouses of servicemembers killed or missing in action, and parents of servicemembers killed or missing in action may be entitled to a full property tax exemption. In FY24, veteran property tax exemptions cost the Commonwealth approximately \$27 million in reimbursements to municipalities.<sup>11</sup> A complete summary of these exemptions is available in the table on the next page:

---

<sup>8</sup> U.S. Department of Veterans Affairs. 2024. PACT Act Dashboard Anniversary Issue. U.S. Department of Veterans Affairs. Accessed December 11, 2024. [https://department.va.gov/pactdata/wp-content/uploads/sites/18/2024/08/VA\\_PACTActDashboard\\_AnniversaryIssue\\_080924\\_Final\\_508-1.pdf](https://department.va.gov/pactdata/wp-content/uploads/sites/18/2024/08/VA_PACTActDashboard_AnniversaryIssue_080924_Final_508-1.pdf).

<sup>9</sup> AARP. 2023. "Veterans With Disabilities: State Property Tax Breaks." AARP. Accessed December 11, 2024. <https://www.aarp.org/money/taxes/info-2023/veterans-with-disabilities-state-property-tax-breaks.html>.

<sup>10</sup> Massachusetts Department of Revenue. 2024. "Local Property Tax Exemptions for Veterans." Mass.gov. Accessed December 11, 2024. <https://www.mass.gov/info-details/local-property-tax-exemptions-for-veterans>.

<sup>11</sup> Massachusetts Department of Revenue, 2024. Reimbursement Figures By Exemption. Accessed December 12, 2024

**TABLE 1. Exempt Persons – Applicants**  
**Veterans under Clauses 22(a-f), 22A, 22B, 22C, 22D, 22E, 22F, 22G and 22H**

*Massachusetts Department of Revenue, Taxpayer's Guide to Local Property Tax Exemptions.<sup>12</sup>*

CLAUSE	TYPE	AMOUNT	VETERAN	SPOUSE	SURVIVING SPOUSE	SURVIVING PARENT
22(a)	Veterans with minimum 10% service-connected disability	\$400	X			
22(b)	Veterans of certain pre-World War I conflicts	\$400	X			
22(c)	Veterans awarded the purple heart	\$400	X			
22(d)	Spouses (when property is owned by spouse, not veteran) and surviving spouses of Clause 22(a) – (c) veterans or of soldiers and sailors who died serving in certain 22(b) pre-World War I conflicts	\$400		X	X (until remarriage)	
22(e)	Gold star parents	\$400				X
22(f)	Surviving spouses of World War I veterans whose whole estate, less mortgage balance on property, does not exceed \$20,000	\$400			X (until remarriage)	
22A	Veterans who lost, or had permanent loss of use of, one hand, foot or eye in the line of duty or who were awarded the Congressional Medal of Honor, Distinguished Service Cross, Navy Cross or Air Force Cross (and POW).	\$750	X	X	X	
22B	Veterans who lost, or had permanent loss of use of, two hands, feet or eyes in the line of duty	\$1250	X	X	X	
22C	Veterans with 100% disability in the line of duty and whose domicile is specially adapted housing acquired with assistance from VA	\$1500	X	X	X	
22D	Surviving spouses (who have never remarried) of active-duty military personnel (including National guardsmen on active duty) or veterans who (1) died as a proximate result of injuries sustained or diseases during active duty, or (2) are missing in action and presumed to have died	Full			X (until remarriage)	
22E	Veterans with 100% disability in the line of duty (annual certificate required)	\$1000	X	X	X	
22F	Paraplegic veterans Veterans with 100% disability for service-connected blindness	Full	X	X	X	

<sup>12</sup> Massachusetts Department of Revenue. Guide to Real Estate Tax Exemptions for Qualifying Veterans. Boston, MA: Massachusetts Department of Revenue, 2019. <https://www.mass.gov/doc/guide-to-real-estate-tax-exemptions-for-qualifying-veterans-0/download>.



CLAUSE	TYPE	AMOUNT	VETERAN	SPOUSE	SURVIVING SPOUSE	SURVIVING PARENT
22G	If accepted, persons otherwise eligible for a Clause 22, 22A, 22B, 22C, 22D, 22E or 22F exemption when legal title is held by a trustee, conservator or other fiduciary for the person's benefit	\$400-Full	X	X	X	X
22H	If accepted, surviving parents or guardians of active-duty military personnel (including National guardsmen on active duty) or veterans who (1) died as a proximate result of injuries sustained or diseases during active duty, or (2) went missing in action and are presumed to have died. (Beginning in FY2020)	Full				X

The Commonwealth of Massachusetts currently reimburses a fixed amount to municipalities for each clause. A full summary of these reimbursement amounts is below:

**TABLE 2. State Reimbursements**

*Massachusetts Department of Revenue. 2024. Chapter 7: Property Tax Exemptions.<sup>13</sup>*

Clause	Exemption Amount	State Reimbursement Amount
<b>22</b>	\$400	\$225 per exemption
<b>22A</b>	\$750	\$575 per exemption
<b>22B</b>	\$1,250	\$1,075 per exemption
<b>22C</b>	\$1,500	\$1,350 per exemption
<b>22D</b>	Full	100% of the exemption
<b>22E</b>	\$1,000	\$825 per exemption
<b>22F</b>	Full	All but \$175 of exemption granted

### Impact of the HERO Act

The recent passage of the HERO Act allows Massachusetts municipalities the option to double property tax exemptions for veterans and their families and/or tie the amount to inflation without requiring a Home Rule Petition. This change provides municipalities across the Commonwealth more flexibility to offer these exemptions.

<sup>13</sup> Massachusetts Department of Revenue. 2024. Chapter 7: Property Tax Exemptions. Accessed December 12, 2024. <https://www.mass.gov/doc/chapter-7-property-tax-exemptions/download>.

## **(ii) The Utilization of a Sliding Scale System Based on the Percentage of a Veteran's Disability for the Awarding of Exemptions to Veterans and Spouses**

Currently, only a handful of states utilize a sliding scale based on the percentage of a veteran's disability. Below are a few highlighted examples:

### **Texas**

Texas currently offers a principal residence exemption in addition to differing levels of property tax exemptions based on disability rating and age. The principal residence exemption allows every resident to exempt \$100,000 of the assessed value of the home and includes a local option to exempt up to 20% of the home's value.<sup>14</sup> In addition to this, Texas offers a sliding scale for veterans based on their service-connected disability rating from the VA. Texas organizes these exemptions into three categories: 100% Disabled Veterans, 10%-90% Disabled Veterans, and 10%-90% Disabled Veterans over 65.<sup>15</sup>

100% Disabled Veterans are entitled to a full property tax exemption; 10%-90% Disabled Veterans are entitled to a sliding scale property tax exemption based on VA disability rating, in addition to the principal residence exemption; 10%-90% Disabled Veterans over 65 are entitled to a sliding scale property tax exemption based on VA disability rating, in addition to the principal residence exemption and an additional \$10,000 Senior Exemption.<sup>22</sup> Currently, the following sliding scale system is in place for 10%-90% Disabled Veterans:

- 10% – 29%: \$5,000
- 30% – 49%: \$7,500
- 50% – 69%: \$10,000
- 70% – 99%: \$12,000
- 100%: Full exemption

### **Louisiana**

Louisiana recently revised its veteran property tax exemption through a constitutional amendment, instituting two types of property tax exemptions for veterans. Veteran homeowners are entitled to the principal residence exemption, available to all Louisiana homeowners, which provides a \$7,500 property

---

<sup>14</sup> Texas Comptroller of Public Accounts. 2024. "Property Tax Exemptions." Texas Comptroller of Public Accounts. Accessed December 11, 2024. <https://comptroller.texas.gov/taxes/property-tax/exemptions/>.

<sup>15</sup> TexVet. 2024. "Property Tax." TexVet. Accessed December 11, 2024. <https://texvet.org/propertytax>.

tax exemption.<sup>16</sup> In addition to this exemption, veterans are entitled to a sliding scale exemption based on disability rating.<sup>17</sup> This scale begins at a 50% service-connected disability and are grouped into three tranches based on service-connected disability. The exemption amount is determined by their disability rating:

- 50%-70%: \$2,500
- 71%-99%: \$4,500
- 100%: Full Exemption

## **Illinois**

Illinois provides veterans with a principal residence exemption and a full or partial property tax exemption to disabled veterans who own homes assessed at less than \$250,000. The principal residence exemption provides a \$10,000 exemption to residents of Cook County, a \$8,000 exemption to counties contiguous to Cook County, and a \$6,000 exemption in all other counties. In addition to the principal residence exemption, Illinois offers a sliding scale property tax exemption based on VA disability rating, as well as a specific exemption for Specially-Adapted Housing. The exemption amount is determined by their disability rating:

- 30% or 40%: \$2,500
- 50% or 60%: \$5,000
- 70% or more: Full property tax exemption
- Specially-Adapted Housing: \$100,000 reduction on the assessed value

---

<sup>16</sup> Louisiana House of Representatives. 2014. Louisiana Property Tax Basics. Louisiana House of Representatives. Accessed December 11, 2024.

[https://house.louisiana.gov/housefiscal/DOCS\\_TAXREV/2014\\_Louisiana%20Property%20Tax%20Basics.pdf](https://house.louisiana.gov/housefiscal/DOCS_TAXREV/2014_Louisiana%20Property%20Tax%20Basics.pdf).

<sup>17</sup> Louisiana Department of Veterans Affairs. 2024. "Property Tax Exemption." Louisiana Department of Veterans Affairs. Accessed December 11, 2024. <https://www.vetaffairs.la.gov/benefit/property-tax-exemption/>.

**(iii) Determination of the Relation of Tax Abatements and Exemptions to United States Department of Veterans Affairs Disability Rating**

A review of the veteran property tax exemption landscape reveals that states apply different models to determine the amount and eligibility for this widely offered financial benefit. In addition, these models continue to change as indicated by the 2023 implementation of Louisiana's new property tax exemption model. A small number of states utilize a sliding scale model to determine exemption amounts and eligible disability percentages. The vast majority of states do not offer sliding scale property tax exemptions based on VA disability rating.

Trends in Massachusetts and nationwide indicate a rise in the number of veterans receiving service-connected disability awards, as well as an increase in the severity of those ratings. Greater awareness of mental health disorders and policy changes have contributed to more mental health associated diagnoses, driving up both the number and level of service-connected disability ratings. As a result, the overall growth seen in service-connected disability awards across Massachusetts would likely impact exemption amounts and overall costs if a sliding scale model was implemented.

**(iv) Financial Impact These Tax Exemptions Have on Veterans with Disabilities**

The following section outlines the number of veterans who received property tax exemptions in Massachusetts between 2020 and 2024. Veterans may be eligible for a Clause 22(a), 22C, 22E or 22F exemption based on their disability rating.

**TABLE 3. Granted Veteran Exemptions in Massachusetts**

*Massachusetts Department of Revenue, Gateway Reimbursement Submissions.<sup>18</sup>*

	2020	2021	2022	2023	2024	5-Year % Change
<b>Sum of 22(a-f) # Granted (\$400)</b>	24,056	23,534	22,122	20,500	22,763	-5%
<b>Sum of 22A # Granted (\$750)</b>	212	182	175	157	156	-26%
<b>Sum of 22B # Granted (\$1250)</b>	24	22	19	13	21	-12.5%
<b>Sum of 22C # Granted (\$1500)</b>	143	142	126	130	139	-2.7%
<b>Sum of 22D # Granted (Full)</b>	1,201	1,292	1,436	1,620	1,994	+63.5%
<b>Sum of 22E # Granted (\$1000)</b>	9,611	9,709	9,654	9,362	10,687	+11%
<b>Sum of Para # Granted (Full)</b>	157	150	150	143	137	-12.7%

<sup>18</sup> Massachusetts Department of Revenue. 2024. Gateway Reimbursement Submissions. Accessed December 12, 2024.

## **(v) Anticipated Monetary Cost that the Exemptions May Cause**

### **Methodology**

This study attempts to forecast the impact of potential property tax exemption changes based on a service-connected disability sliding scale. The number of veterans in Massachusetts receiving VA disability and their respective percentages is estimated based on results from the 2023 American Community Survey<sup>19</sup> and the current number of Massachusetts veterans receiving property tax exemptions.<sup>20</sup>

Maintaining the 100% service-connected disabled property tax exemption at \$1,000 mirrors the current property tax rate (i.e., \$1,000 for 100% service-connected disabled veterans). This results in a Clause E total cost of \$10,687,000, of which \$8,816,775 is to be reimbursed from the state to municipalities based on current reimbursement rates.

To calculate 70%, 80%, and 90% disabled veterans, this study subtracted the total number of Clause E exemptions from the estimated population of those 70-100% service connected. This assumes full utilization of the property tax exemption by 100% service-connected disabled within the ACS estimates.

To calculate the property tax exemptions cost for the remaining service-connected disability groups (e.g., 10% & 20%, 30% & 40%, 50% & 60%), this study multiplied the ACS tier by a utilization rate taken from FY24 (i.e., the number of exemptions claimed in FY24 divided by total service-connected disabled population). Lastly, the total cost for FY24 Clause 22D exemptions for surviving spouses are added to the total cost.

This potential sliding scale model begins at the lowest current exemption of \$400 and increases at regular intervals to the current 100% service-connected disabled rate of \$1,000. It also adopts the current state reimbursement levels and adapts them for the sliding scale model. The model below provides a total financial impact of the sliding scale system, as well as the total cost to the state after municipal reimbursements.

---

<sup>19</sup> U.S. Census Bureau, U.S. Department of Commerce, "Service-Connected Disability-Rating Status and Ratings for Civilian Veterans 18 Years and Over," 2023. American Community Survey, ACS 1-Year Estimates Detailed Tables, Table B21100, 2023, accessed on December 16, 2024, <https://data.census.gov/table/ACSDT1Y2023.B21100?t=Veterans&g=040XX00US25&y=2023>.

<sup>20</sup> 32 Massachusetts Department of Revenue. 2023. "Compensation Service-Connected Disability or Death Benefits." Accessed December 11, 2024.

## Sliding Scale Option

VA Compensation Service-Connected Disability or Death Benefits, 2023.<sup>21</sup>

U.S. Census Bureau, U.S. Department of Commerce, "Service-Connected Disability-Rating Status and Ratings for Civilian Veterans 18 Years and Over," 2023<sup>22</sup>

\*Estimated Total Financial Impact assumes a 40% utilization rate among veterans at each respective service-connected disability rating based on FY24 usage

\*\*Number reflects ACS estimates for 70%+ service-connected disabled veterans, subtracted from the total number of 100% service-connected disabled property tax exemptions claimed in FY24

Service-Connected Disability Rating	Estimated # of Veterans at Rating in MA	Margin of Error	Estimated # of Veterans at Rating in Mass Receiving 22(a-f)	Tax Exemption Amount	Total Estimated Financial Impact*	State Reimbursement Per Exemption	Total Estimated State Reimbursement
10% & 20%	15,260	1,907	6,078	\$400	\$2,431,223	\$225	\$1,367,563
30% & 40%	7,286	1,476	2,902	\$550	\$1,596,108	\$225	\$652,953
50% & 60%	6,909	1,430	2,752	\$700	\$1,926,298	\$575	\$1,582,316
70%, 80%, & 90%	11,169**	2,288	4,449	\$850	\$3,781,321	\$575	\$2,557,952
			<b>Number of Clause 22E Exemptions Granted in FY24 (100% SCD)</b>				
100%	N/A	N/A	10,687	\$1,000	\$10,687,000	\$825	\$8,816,775
			<b>Number of Clause 22D Exemptions Granted in FY24 (Surviving Spouses)</b>				
Surviving Spouses	N/A	N/A	1,994	Full	\$11,687,308	100%	
					\$32,109,257		\$26,664,868

### Comparison of Cost

The table below demonstrates the total cost to the Commonwealth, after reimbursements to municipalities, for a potential change to veterans' property tax exemptions. Of note, while a sliding scale model provides an option for reimbursement to veteran, it does not fully account for a change in the state reimbursement for each group. This study uses a proportional increase in state reimbursement per disability group (e.g., \$225 for 10%-40%, \$575 for 50%-90%, \$825 for 100%).

**TABLE 4. Total Cost of Property Tax Exemptions to the Commonwealth**

FY24 State Reimbursement Amount	Sliding Scale Estimated Cost to State	Total Change in Cost to State
\$26,770,132	\$26,664,868	-\$105,264

<sup>21</sup> U.S. Department of Veterans Affairs. 2023 Annual Benefits Report: Compensation. Washington, DC: U.S. Department of Veterans Affairs, 2023. <https://www.benefits.va.gov/REPORTS/abr/docs/2023-compensation.pdf>.

<sup>22</sup> U.S. Census Bureau, U.S. Department of Commerce, "Service-Connected Disability-Rating Status and Ratings for Civilian Veterans 18 Years and Over," 2023

## Conclusion

This study provides a descriptive analysis of the various forms of veteran property tax exemptions across the United States with a focus on Massachusetts. Although not common, disability sliding scale models to determine property tax exemptions have been introduced nationally and are operational in several states. Utilizing a sliding scale model in Massachusetts may result in several benefits: (1) a simpler and systematic method to determine benefits; (2) additional financial benefits to veterans; and (3) promoting a more equitable methodology given the rising mental health diagnoses among veterans.

This study does not take into account any changes as a result of the HERO Act, which allows municipalities to double the property tax exemption for veterans, servicemembers, and their families and/or tie the amount to inflation without requiring a Home Rule Petition.

To provide as accurate an estimate as possible, the study makes several assumptions regarding the veteran population, state reimbursement, and municipal adoption. It relies on 2023 American Community Survey data, which is based on self-reported disability status. This includes veterans who identified as having a service-connected disability but did not disclose their specific rating, potentially leading to an undercount due to concerns about privacy, stigma, or reluctance to share their rating. The study also assumes an approximately 40% property tax utilization rate for ACS tiers less than 100% service-connected disabled.

The proposed state reimbursement numbers use the current minimum and maximum rates (\$225 and \$825) and included a proportionally increasing reimbursement rate based on current rates. The analysis presumes near-universal adoption of the sliding scale model by municipalities, although actual adoption rates may vary.

For the purpose of cost estimation, exemptions under Clauses 22B, 22C, and 22F are factored into the 100% service-connected disabled population. Notably, veterans currently receiving Clauses 22B, 22C, or 22F exemptions may see a decrease in their property tax exemption under the analyzed sliding scale system. Lastly, the total cost estimates of the sliding scale model do not take into account any exemptions given to Gold Star families under Clause 22H because it is not reimbursed by the state.