



House of Representatives

General Assembly

File No. 560

February Session, 2004

Substitute House Bill No. 5475

House of Representatives, April 13, 2004

The Committee on Finance, Revenue and Bonding reported through REP. STILLMAN of the 38th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE SITUS OF MOTOR VEHICLES FOR PROPERTY TAX PURPOSES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 12-41 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (b) No person required by law to file an annual declaration of
5 personal property shall include in such declaration motor vehicles
6 which are registered in the office of the state Commissioner of Motor
7 Vehicles. With respect to any vehicle subject to taxation in a town other
8 than the town in which such vehicle is registered, pursuant to section
9 12-71, as amended by this act, information concerning such vehicle
10 may be included in a declaration filed pursuant to this section or
11 section 12-43, or on a report filed pursuant to section 12-57a.

12 Sec. 2. Section 12-71 of the general statutes is repealed and the

13 following is substituted in lieu thereof (*Effective from passage*):

14 (a) All goods, chattels and effects or any interest therein, including
15 any interest in a leasehold improvement classified as other than real
16 property, belonging to any person who is a resident in this state, shall
17 be listed for purposes of property tax in the town where such person
18 resides, subject to the provisions of sections [12-42] 12-41, as amended
19 by this act, 12-43 and 12-59. Any such property belonging to any
20 nonresident shall be listed for purposes of property tax as provided in
21 section 12-43. Motor vehicles and snowmobiles shall be listed for
22 purposes of the property tax in accordance with subsection (f) of this
23 section.

24 (b) [All] Except as otherwise provided by the general statutes,
25 property subject to this section shall be valued at the same percentage
26 of its then actual valuation as the assessors have determined with
27 respect to the listing of real estate for the same year, except that any
28 motor vehicle for which number plates have been issued under section
29 14-20 [and any aircraft manufactured prior to January 1, 1946,] shall be
30 assessed at a value of not more than five hundred dollars. [except
31 when otherwise provided by law.] The provisions of this section shall
32 not include money or property actually invested in merchandise or
33 manufacturing carried on out of this state or machinery or equipment
34 which would be eligible for exemption under subdivision (72) of
35 section 12-81, as amended, once installed and which cannot begin or
36 which has not begun manufacturing, processing or fabricating; or
37 which is being used for research and development, including
38 experimental or laboratory research and development, design or
39 engineering directly related to manufacturing or being used for the
40 significant servicing, overhauling or rebuilding of machinery and
41 equipment for industrial use or the significant overhauling or
42 rebuilding of other products on a factory basis or being used for
43 measuring or testing or metal finishing or in the production of motion
44 pictures, video and sound recordings.

45 (c) Upon payment of the property tax assessed with respect to any

46 property referred to in this section, owned by a resident or nonresident
47 of this state, which is currently used or intended for use in relation to
48 construction, building, grading, paving or similar projects, including,
49 but not limited to, motor vehicles, bulldozers, tractors and any
50 trailer-type vehicle, excluding any such equipment weighing less than
51 five hundred pounds, and excluding any motor vehicle subject to
52 registration pursuant to chapter 246 or exempt from such registration
53 by section 14-34, the town in which such equipment is taxed shall
54 issue, at the time of such payment, for display on a conspicuous
55 surface of each such item of equipment for which such tax has been
56 paid, a validation decal or sticker, identifiable as to the year of issue,
57 which will be presumptive evidence that such tax has been paid in the
58 appropriate town of the state.

59 (d) (1) Personal property subject to taxation under this chapter shall
60 not include computer software, except when the cost thereof is
61 included, without being separately stated, in the cost of computer
62 hardware. "Computer software" shall include any program or routine
63 used to cause a computer to perform a specific task or set of tasks,
64 including without limitation, operational and applicational programs
65 and all documentation related thereto.

66 (2) The provisions of subdivision (1) of this subsection shall be
67 applicable (A) to the assessment year commencing October 1, 1988,
68 and each assessment year thereafter, and (B) to any assessment of
69 computer software made after September 30, 1988, for any assessment
70 year commencing before October 1, 1988.

71 (3) Nothing contained in this subsection shall create any implication
72 related to liability for property tax with respect to computer software
73 prior to July 1, 1989.

74 (4) A certificate of correction in accordance with section 12-57 shall
75 not be issued with respect to any property described in subdivision (1)
76 of this subsection for any assessment year commencing prior to
77 October 1, 1989.

78 (e) For assessment years commencing on or after October 1, 1992,
79 each municipality shall exempt aircraft, as defined in section 15-34,
80 from the provisions of this chapter.

81 (f) (1) Property subject to taxation under this chapter shall include
82 each registered and unregistered motor vehicle and snowmobile that,
83 in the normal course of operation, most frequently leaves from and
84 returns to or remains in a town in this state, and any other motor
85 vehicle or snowmobile located in a town in this state, which motor
86 vehicle or snowmobile is not used or is not capable of being used.

87 (2) Any motor vehicle or snowmobile registered in this state subject
88 to taxation in accordance with the provisions of this subsection shall be
89 set in the list of the town where such vehicle in the normal course of
90 operation most frequently leaves from and returns to or in which it
91 remains. It shall be presumed that any such motor vehicle or
92 snowmobile most frequently leaves from and returns to or remains in
93 the town in which the owner of such vehicle resides, unless a provision
94 of this subsection otherwise expressly provides. As used in this
95 subsection, "the town in which the owner of such vehicle resides"
96 means the town in this state where (A) the owner, if an individual, has
97 established a legal residence consisting of a true, fixed and permanent
98 home to which such individual intends to return after any absence, or
99 (B) the owner, if a company, corporation, limited liability company,
100 partnership, firm or any other type of public or private organization,
101 association or society, has an established site for conducting the
102 purposes for which it was created. In the event such an entity resides
103 in more than one town in this state, it shall be subject to taxation by
104 each such town with respect to any registered or unregistered motor
105 vehicle or snowmobile that most frequently leaves from and returns to
106 or remains in such town.

107 (3) Any motor vehicle owned by a nonresident of this state shall be
108 set in the list of the town where such vehicle in the normal course of
109 operation most frequently leaves from and returns to or in which it
110 remains. If such vehicle in the normal course of operation most

111 frequently leaves from and returns to or remains in more than one
112 town, it shall be set in the list of the town in which such vehicle is
113 located for the three or more months preceding the assessment day in
114 any year, except that, if such vehicle is located in more than one town
115 for three or more months preceding the assessment day in any year, it
116 shall be set in the list of the town where it is located for the three
117 months or more in such year nearest to such assessment day. In the
118 event a motor vehicle owned by a nonresident is not located in any
119 town for three or more of the months preceding the assessment day in
120 any year, such vehicle shall be set in the list of the town where such
121 vehicle is located on such assessment day.

122 (4) Notwithstanding any provision of subdivision (2) of this
123 subsection: (A) Any registered motor vehicle that is assigned to an
124 employee of the owner of such vehicle for the exclusive use of such
125 employee and which, in the normal course of operation most
126 frequently leaves from and returns to or remains in such employee's
127 town of residence, shall be set in the list of the town where such
128 employee resides; (B) any registered motor vehicle that is being
129 operated, pursuant to a lease, by a person other than the owner of such
130 vehicle, or such owner's employee, shall be set in the list of the town
131 where the person who is operating such vehicle pursuant to said lease
132 resides; (C) any registered motor vehicle designed or used for
133 recreational purposes, including, but not limited to, a camp trailer,
134 camper or motor home, shall be set in the list of the town such vehicle,
135 in the normal course of its operation for camping, travel or recreational
136 purposes in this state, most frequently leaves from and returns to or
137 the town in which it remains. If such a vehicle is not used in this state
138 in its normal course of operation for camping, travel or recreational
139 purposes, such vehicle shall be set in the list of the town in this state in
140 which the owner of such vehicle resides; and (D) any registered motor
141 vehicle that is used or intended for use for the purposes of
142 construction, building, grading, paving or similar projects, or to
143 facilitate any such project, shall be set in the list of the town in which
144 such project is situated if such vehicle is located in said town for the
145 three or more months preceding the assessment day in any year,

146 provided (i) if such vehicle is located in more than one town in this
147 state for three or more months preceding the assessment day in any
148 year, such vehicle shall be set in the list of the town where it is located
149 for the three months or more in such year nearest to such assessment
150 day, and (ii) if such vehicle is not located in any town for three or more
151 of the months preceding the assessment day in any year, such vehicle
152 shall be set in the list of the town where such vehicle is located on such
153 assessment day.

154 (5) The owner of a motor vehicle subject to taxation in accordance
155 with the provisions of subdivision (4) of this subsection in a town other
156 than the town in which such owner resides may register such vehicle
157 in the town in which such vehicle is subject to taxation.

158 (6) Information concerning any vehicle subject to taxation in a town
159 other than the town in which it is registered may be included on any
160 declaration or report filed pursuant to section 12-41, as amended by
161 this act, 12-43 or 12-57a. If a motor vehicle or snowmobile is registered
162 in a town in which it is not subject to taxation, pursuant to the
163 provisions of subdivision (4) of this section, the assessor of the town in
164 which such vehicle is subject to taxation shall notify the assessor of the
165 town in which such vehicle is registered of the name and address of
166 the owner of such motor vehicle or snowmobile, the vehicle
167 identification number and the town in which such vehicle is subject to
168 taxation. The assessor of the town in which said vehicle is registered
169 and the assessor of the town in which said vehicle is subject to taxation
170 shall cooperate in administering the provisions of this section
171 concerning the listing of such vehicle for property tax purposes.

172 Sec. 3. Section 14-163 of the general statutes is repealed and the
173 following is substituted in lieu thereof (*Effective July 1, 2004*):

174 [The commissioner, on or before the first day of December,
175 annually, shall furnish to the tax assessors in each town a list
176 containing the names and addresses of the owners of motor vehicles
177 and snowmobiles residing in their respective towns, as they appear by
178 the records of the Department of Motor Vehicles, with a description of

179 such vehicles. The commissioner shall, on or before December 1, 2000,
180 and December first, annually thereafter, furnish to the Commissioner
181 of Revenue Services a list containing the names, addresses and federal
182 Social Security account numbers or federal employer identification
183 numbers, or both, if available, of the owners of motor vehicles as they
184 appear by the records of the Department of Motor Vehicles, and the
185 vehicle identification numbers of such vehicles, in order to establish
186 the identification of persons affected by the tax laws of the state.]

187 (a) The commissioner shall compile information concerning motor
188 vehicles and snowmobiles subject to property taxation pursuant to
189 section 12-71, as amended by this act, using the records of the
190 Department of Motor Vehicles and information reported by owners of
191 motor vehicles and snowmobiles. In addition to any other information
192 the owner of a motor vehicle or snowmobile is required to file with the
193 commissioner by law, such owner shall provide the commissioner with
194 the name of the town in which such owner's motor vehicle or
195 snowmobile is to be set in the list for property tax purposes, pursuant
196 to section 12-71, as amended by this act. On or before December 1,
197 2004, and annually thereafter, the commissioner shall furnish to each
198 assessor in this state a list identifying motor vehicles and snowmobiles
199 that are subject to property taxation in each such assessor's town. Said
200 list shall include the names and addresses of the owners of such motor
201 vehicles and snowmobiles, together with the vehicle identification
202 numbers for all such vehicles for which such numbers are available.

203 (b) On or before October 1, 2004, and annually thereafter, the
204 commissioner shall furnish to each assessor in this state a list
205 identifying motor vehicles and snowmobiles in each such assessor's
206 town that were registered subsequent to the first day of October of the
207 assessment year immediately preceding, but prior to the first day of
208 August in such assessment year, and that are subject to property
209 taxation on a supplemental list pursuant to section 12-71b. In addition
210 to the information for each such vehicle and snowmobile specified
211 under subsection (a) of this section that is available to the
212 commissioner, the list provided under this subsection shall include a

213 code related to the date of registration of each such vehicle or
214 snowmobile.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>July 1, 2004</i>

Statement of Legislative Commissioners:

In sec. 2., (f)(2) "the owner, if" was added after "(A)" and "(B)" for purposes of clarity

FIN *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 05 \$	FY 06 \$
All Municipalities	See Below	See Below	See Below

Explanation

The bill precludes a shift in automobile property declarations between towns that would have occurred as result of a recent court case. The court case (Dinto v. Waterbury) declared that a motor vehicle should be taxed where the principal place of business is located rather than where a vehicle is garaged.

OLR BILL ANALYSIS

sHB 5475

AN ACT CONCERNING THE SITUS OF MOTOR VEHICLES FOR PROPERTY TAX PURPOSES**SUMMARY:**

This bill specifies that all motor vehicles and snowmobiles operating or located in Connecticut must pay property taxes here if they most frequently leave from or return to a Connecticut town. This requirement applies to all motor vehicles, regardless of whether they are registered here.

The bill also establishes rules for determining a motor vehicle or snowmobile's "situs," which is the town where it is subject to taxation. The rule applies to registered and unregistered vehicles. The bill requires owners to pay taxes to the town where the vehicle most frequently leaves from and returns to or remains during the normal course of its operation. It sets additional rules for vehicles that do not meet this frequency test. These include vehicles owned by nonresidents and recreational and construction vehicles. The bill allows owners whose vehicles are registered in one town but taxed in another to list them in the taxing town. This provision is ambiguous because an existing law, which the bill does not change, prohibits an owner from listing any registered vehicle.

The bill requires the motor vehicles commissioner to annually provide tax assessors a list of vehicles subject to taxation in their respective towns. It also puts into law the commissioner's practice of providing towns lists of vehicles that were registered on or after the October 1 assessment date.

EFFECTIVE DATE: Upon passage, except for the provision regarding the motor vehicles commissioner, which takes effect July 1, 2004.

DETERMINING WHETHER A VEHICLE IS SUBJECT TO PROPERTY TAXES IN CONNECTICUT

The bill specifies when the owner of any registered or unregistered motor vehicle or snowmobile must pay property taxes. Under the bill,

the owner is liable for these taxes if the vehicle, during its normal course of operation, most frequently leaves from and returns to or remains in a Connecticut town. He is also liable for the taxes even if that vehicle is not used or incapable of being used and remains here.

Current law already applies a similar rule to motor vehicles that are registered in other states but operate in Connecticut. That rule subjects a vehicle to Connecticut property taxes if it most frequently leaves from or returns to or remains in one or more points within Connecticut during the normal course of its operation. If a Connecticut resident owns the vehicle, current law establishes a presumption that the situs is his town of residence unless that town's assessor can be convinced that the owner resides in a different town.

DETERMINING THE SITUS OF REGISTERED MOTOR VEHICLES

The bill's rules for determining situs vary depending on whether the vehicle's owner is also the driver and, in some cases, on the motor vehicle's use, regardless of whether the driver owns the vehicle.

Owner/Driver

The bill requires the owner of any motor vehicle or snowmobile he drives to list the vehicle for property taxation in the town where the vehicle, during the course of its normal operation, most frequently leaves from and returns to or in which it remains.

The bill establishes a presumption that that town is also the town where the owner resides unless the bill specifically states otherwise. For an individual, the town of residence is the town where he legally resides. The residence must consist of a true, fixed, and permanent home to which the individual intends to return after any absence.

If the owner is a business or other organization, the bill presumes the taxing town is the town where it has established a site for conducting the business for which it was created. If the business is located in several towns, it must determine the situs for each registered and unregistered vehicle it owns based on the bill's situs rule.

Employee Vehicle

The owner of a registered motor vehicle who assigns it to an employee

for his exclusive use must list the vehicle for property taxes in the town where the vehicle most frequently leaves from and returns to or remains in. The bill assumes that this town is also the town where the employee resides.

Leased Vehicles

The bill establishes the situs for leased vehicles as the town where the lessee resides. This rule applies to situations where the owner or the owner's employee leases the vehicle.

Recreational Vehicles

The bill's situs rule for registered recreational vehicles depends on whether the vehicle is primarily used in Connecticut. For those that are, the situs is the town where the vehicle most frequently leaves from and returns to or remains in while it is being used for recreational purposes. For those vehicles that are primarily used in other states, the situs is the town where the vehicle owner's resides. These rules apply to campers, camp trailers, and motor homes.

Construction Vehicles

The bill's situs rules for construction vehicles depend on the amount of time a vehicle is used for a project located in any one town. The situs is the town where the vehicle was being used for three or more months before the October 1 assessment date in any year. But if the vehicle was being used in more than one town for three or more months before that date, the situs is the town where the vehicle was located for the three-month period that is nearest to the October 1 assessment date. Lastly, if the vehicle was located in several towns for less than three months before the assessment date, the situs is the town where the vehicle was located on that date.

The rules apply to vehicles used for construction, building, grading, paving, or similar projects or to facilitate these projects.

DETERMINING THE SITUS OF MOTOR VEHICLES REGISTERED IN OTHER STATES

The bill's situs rule for vehicles registered in other states is similar to those involving construction vehicles:

1. If a vehicle most frequently leaves from and returns to or remains in several towns during its normal course of operation, the situs is the town where the vehicle was located for three or more months before the October 1 assessment date during any year.
2. If, instead, the vehicle is located in several towns for three or more months before that date, the situs is the town where it was located for the three or more months nearest to the October 1 assessment date.
3. Lastly, if the vehicle is not located in any town for three or more months before the assessment date, the situs is the town where the vehicle was located on that date.

LISTING MOTOR VEHICLES

The bill allows the owner to register the vehicle in the town where it is subject to taxation. Business owners may also include the vehicle in the list of taxable personal property he must submit to the town.

The bill requires assessors to share information about motor vehicles and snowmobiles that are registered in one town but taxed in another. It requires the assessor of the town that taxes the vehicle to notify the assessor of the town where it is registered about that fact, the owner's name and address, and the vehicle's identification number. The two assessors must work together to comply the bill's situs rules and listing requirements.

DEPARTMENT OF MOTOR VEHICLE LISTS OF TAXABLE VEHICLES

The bill requires the motor vehicles commissioner to annually give each assessor a list of motor vehicles and snowmobiles his town can tax. The commissioner must begin providing this list by December 1, 2004. The list must include the owners' names and addresses and the vehicle identification numbers, if available. Under current law, the commissioner must annually give the assessors the names and addresses of residents who own motor vehicles and snowmobiles. The bill drops the requirement that the commissioner include a description of each vehicle and its owner's social security or federal employer identification number.

To prepare the list of taxable vehicles and snowmobiles, the bill requires the commissioner to compile information about them, using his records and information the bill requires vehicle owners to give him. The bill requires owners to tell him the town where they must pay taxes on the vehicle or snowmobile.

The bill puts into law the commissioner's practice of providing assessors lists of vehicles that were registered after the October 1 assessment date but before August 1 of that assessment year. Those vehicles are subject to taxation and comprise the supplemental grand list. The bill specifies that the list must indicate when the vehicle was registered, information that allows the assessor to prorate the taxes based on the registration date.

BACKGROUND

Related Case

In *Paul Dinto Electrical Contractors, Inc. v. Waterbury* (266 Conn. 706 (2003)), the Connecticut Supreme Court held that motor vehicles owned by a corporation should pay taxes on them to the town where it maintains its principal place of business, not to the town where the vehicles are actually located. The case involved a company that assigned vehicles to its employees, including those that did not reside in the city where the company maintains its principal place of business. The company paid property taxes on these vehicles to the towns where its employees resided.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Report

Yea 44 Nay 0