



House of Representatives

General Assembly

File No. 483

February Session, 2006

Substitute House Bill No. 5605

House of Representatives, April 11, 2006

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING UNIFORM TREATMENT OF
TELECOMMUNICATIONS COMPANIES WITH RESPECT TO
PROPERTY TAX DELINQUENCIES AND PAYMENTS TO THE STATE
BY MUNICIPALITIES FOR STATE ENFORCEMENT OF THE
PROPERTY TAX ON MOTOR VEHICLES.***

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

1 Section 1. Subsection (b) of section 12-80a of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage and applicable to assessment years of municipalities commencing on*
4 *or after October 1, 2006*):

5 (b) (1) Not later than the first day of February immediately
6 following the end of such tax year, the Secretary of the Office of Policy
7 and Management shall determine, with respect to such company, a
8 value for personal property equivalent to seventy per cent of the value
9 of personal property included in the list of such property prepared and
10 certified in accordance with subsection (a) of this section. The amount
11 of tax applicable with respect to such personal property of any

12 taxpayer subject to the tax imposed under this section shall be
13 determined by multiplying the value of personal property of such
14 company, as determined under this subsection, by a mill rate of forty-
15 seven mills. Said secretary shall, not later than the first day of March
16 immediately following the end of such tax year, submit a tax bill to
17 each company stating the amount of tax payable to each town in
18 relation to the personal property of such taxpayer located in such
19 town. Such tax shall be due and payable to the town in which such
20 personal property is located not later than the first day of April
21 immediately following. Any city or borough not consolidated with the
22 town in which it is located and any town containing such a city or
23 borough shall receive a portion of the tax due and payable to such
24 town on the basis of the following ratio: The total taxes levied in the
25 previous fiscal year by such town, city or borough shall be the
26 numerator of the fraction. The total taxes levied by the town and all
27 cities or boroughs located within such town shall be added together,
28 and the sum shall be the denominator of the fraction. Any such city or
29 borough may, by vote of its legislative body, direct the Secretary of the
30 Office of Policy and Management to reallocate all or a portion of the
31 share of such city or borough to the town in which it is located.

32 (2) The tax collector of each town owed taxes under this subsection
33 may, at such time as such tax becomes delinquent as provided in
34 sections 12-146 and 12-169, subject such tax to interest at the rate of one
35 and one-half per cent of such tax for each month or fraction thereof
36 which elapses from the time when such tax becomes due and payable
37 until the same is paid.

38 Sec. 2. Subsection (e) of section 14-33 of the general statutes is
39 repealed and the following is substituted in lieu thereof (*Effective July*
40 *1, 2006*):

41 (e) [On] (1) Except as provided in subdivision (2) of this subsection,
42 on and after July 1, 2004, each city and town shall make an annual
43 payment to the Commissioner of Motor Vehicles, in an amount
44 determined by the Secretary of the Office of Policy and Management,

45 in order to participate in the program administered by the Department
46 of Motor Vehicles pursuant to subsection (a) of this section. Such
47 amount shall be each city or town's proportionate cost of the
48 administration of said program, to be determined as follows: The
49 number obtained by multiplying said program's administrative cost by
50 a fraction the numerator of which shall be the city or town's population
51 and the denominator of which shall be the population of the state. As
52 used in this section, "population" means the number of persons in the
53 city or town according to the most recent estimate made, pursuant to
54 section 19a-2a, by the Department of Public Health. The commissioner
55 shall, on or before July fifteenth, annually, certify to said secretary the
56 commissioner's cost to administer said program. The secretary shall,
57 on or before August first, annually, notify the chief executive officer of
58 each city and town of the amount such city or town is required to pay
59 to the commissioner and such amount shall be payable not later than
60 September first following said notification date. All amounts received
61 by the commissioner pursuant to this subsection shall be deposited
62 into the General Fund. If a city or town fails to annually pay its
63 proportionate share of said program's administrative cost, the
64 commissioner shall not be required to deny the issuance of a
65 registration, pursuant to subsection (a) of this section, to the person
66 against whom such tax has been assessed by said city or town, or by a
67 borough or other taxing district located therein.

68 (2) Notwithstanding the provisions of subdivision (1) of this
69 subsection, on and after July 1, 2006, no city or town shall pay an
70 annual amount in excess of the amount such city or town was required
71 to pay, pursuant to subdivision (1) of this subsection, on September 1,
72 2005.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage and applicable to assessment years of municipalities commencing on or after October 1, 2006</i>	12-80a(b)
Sec. 2	<i>July 1, 2006</i>	14-33(e)

FIN *Joint Favorable Subst.*

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:

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Department of Motor Vehicles	TF - Cost	20,000	40,000

Note: TF=Transportation Fund

Municipal Impact:

Municipalities	Effect	FY 07 \$	FY 08 \$
All Municipalities	Revenue Gain	See Below	See Below
All Municipalities	Savings	20,000	40,000

Explanation

State Impact

The bill limits the annual payment made by towns to support the delinquent motor vehicle property tax enforcement program to the payment made in FY 06. This will result in DMV having to assume future inflationary program costs, which are anticipated to increase by \$20,000 per fiscal year.

Municipal Impact

The bill will result in a savings to all municipalities of approximately \$20,000 per fiscal year as a result of limiting the annual amount each town must pay to support the delinquent motor vehicle property tax enforcement program.

The bill is also anticipated to result in a municipal revenue gain to the extent that telecommunications companies are delinquent paying their property taxes. There have been only isolated instances of late payments, so any revenue gain is expected to be less than \$50,000 per year.

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 09 \$	FY 10 \$	FY 11 \$
Department of Motor Vehicles	TF - Cost	60,000	80,000	100,000

Note: TF=Transportation Fund

Municipal Impact:

Municipalities	Effect	FY 09 \$	FY 10 \$	FY 11 \$
All Municipalities	Savings	60,000	80,000	100,000

**OLR Bill Analysis
sHB 5605**

AN ACT CONCERNING UNIFORM TREATMENT OF TELECOMMUNICATIONS COMPANIES WITH RESPECT TO PROPERTY TAX DELINQUENCIES AND PAYMENTS TO THE STATE BY MUNICIPALITIES FOR STATE ENFORCEMENT OF THE PROPERTY TAX ON MOTOR VEHICLES.

SUMMARY:

This bill allows town tax collectors to impose the same interest penalty on delinquent telecommunications property tax payments as on all other delinquent property taxes. That penalty is 1.5% of the delinquent tax for each month or part of a month that passes from when the tax was due until it is paid. The bill applies to telecommunications companies that pay personal property taxes on the property they use to provide telecommunications services at the statewide rate of 47 mills. Current law imposes no penalty on companies that fail to pay these taxes on time.

The bill also limits the annual amount each town must pay to support the Department of Motor Vehicles' (DMV) delinquent motor vehicle property tax enforcement program to the amount it paid on September 1, 2005. Current law requires the Office of Policy and Management secretary to set the fees by multiplying the program's annual cost by each town's share of the state's population, using the most recent Department of Public Health estimates. The enforcement program bars those who owe motor vehicle property taxes from registering a vehicle.

EFFECTIVE DATE: The provision concerning delinquent telecommunications property taxes is effective on passage and applicable to municipal assessment years starting on or after October 1, 2006. The provision limiting municipal payments for the DMV property tax enforcement program is effective July 1, 2006.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 47 Nay 0 (03/28/2006)