

**Statement of Michael J. Riley  
President**

**MICHAEL J. RILEY  
PRESIDENT**

**Motor Transport Association of Connecticut  
Before  
The Joint Committee on Transportation  
February 20, 2011**

**Re: Governor's H. B. No. 6388 AN ACT IMPLEMENTING  
THE GOVERNOR'S BUDGET RECOMMENDATIONS  
CONCERNING THE OFFICE OF POLICY AND  
MANAGEMENT**

Motor Transport Association of Connecticut (MTAC) is a statewide trade association, which represents around 1,000 companies that operate commercial motor vehicles in and through the state of Connecticut. Our membership includes freight haulers, movers of household goods, construction companies, distributors, tank truck operators and hundreds of companies that use trucks in their business and firms that provide goods and services to truck owners.

**MTAC OPPOSES PART OF SECTION 17. OF THIS BILL**

Issue

Governor Malloy's budget eliminates the Payment in Lieu of Taxes on new commercial motor vehicles, in Section 17. of H.B. 6388. This has been an important tool to help Connecticut trucking companies to compete with companies from other states that have similar exemptions.

Problems

- 27 states currently exempt rolling stock from property taxes. Among those states are; Rhode Island, New York, New Jersey, Pennsylvania, Vermont, Maryland and Delaware. Were Connecticut's property tax exemption to be repealed, Connecticut companies, competing with companies from these other states, would be at a competitive disadvantage in Connecticut, because they are from Connecticut.



- When property taxes are applied to movable property, that property moves to places where it will either be exempt or the tax would be lower. Not only do nearby states become attractive, towns and cities with higher mil rates lose out when companies base their fleets in towns with lower mil rates.
- Connecticut's unique property tax exemption, on only new vehicles, has provided an effective incentive for truck operators to purchase new vehicles which are safer, more efficient and better for the environment. These new vehicles have technological developments which increase the cost of the vehicle which are offset, to some extent, by the property tax exemption.
- Eliminating the exemption is unfair to those who have purchased vehicles within the last 5 years. Some companies are on a 5 year schedule of replacing vehicles when the property tax exemption runs out. One tank truck operator has bought 20 new tank trailers, valued at \$100,000 each, every year for five years. All across the state, trucks qualified for the exemption, are at different points on the five year schedule. Some people purchased trucks earlier this year, anticipating the property tax exemption. Repealing this exemption is renegeing on a promise made by the State of Connecticut and trusted by local businesses that relied upon its existence to justify new vehicle purchases.
- Some orders for new trucks have already been cancelled, or put on hold, because of the proposed elimination of the exemption. The announcement of the repeal of this exemption immediately killed the new truck sales business in this state. For new truck dealers, Connecticut is "closed" for business.
- Some towns with large fleets stand to realize significant windfalls if they choose to impose the property tax and the fleet owners in those towns would be hit immediately with a significant cost of doing business in Connecticut. Some towns might decide not to impose the property tax on trucks thereby creating unpredictability and inequities which are inconsistent with good public policy and business practices.

Thank you.