
OLR Bill Analysis

HB 5102

AN ACT ESTABLISHING A STATE-WIDE MILL RATE FOR MOTOR VEHICLES AND AMENDING THE DEFINITION OF ANTIQUE, RARE OR SPECIAL INTEREST MOTOR VEHICLE.

SUMMARY:

This bill establishes a statewide mill rate for motor vehicle property taxes and a five-year transition period (from FY 15 through FY 19) to help municipalities adjust to the revenue changes resulting from the statewide mill rate.

Beginning in FY 15, the bill requires municipalities to tax motor vehicles at the statewide rate. It requires towns to report quarterly to the Office of Policy and Management (OPM) secretary on the amount of motor vehicle tax revenue they collect. Any town that collects more revenue under the statewide rate than it would have collected under its local rate must remit the excess quarterly to the Department of Revenue Services (DRS). The bill requires the OPM secretary to distribute the excess revenue among towns based on whether a town's local mill rate is higher or lower than the statewide rate. Beginning in FY 20, towns retain all motor vehicle taxes they collect under the statewide rate.

The bill also increases, from \$500 to \$2,500, the property tax assessment cap for antique, rare, or special interest motor vehicles. It increases, from 20 to 30 years, the age at which a motor vehicle qualifies as antique, rare, or special-interest or modified antique. In doing so, it restricts the vehicles that qualify for (1) the assessment cap, (2) special number license plates, and (3) an exemption from the law prohibiting dealers and repairers from buying a motor vehicle for its parts.

The bill also modifies the schedule of motor vehicle values that the

OPM secretary recommends and assessors use to assess motor vehicles for property tax purposes.

EFFECTIVE DATE: October 1, 2013, except that the (1) statewide motor vehicle property tax provisions are effective July 1, 2013 and applicable to assessment years beginning on or after October 1, 2013; (2) assessment schedule changes are effective July 1, 2013, and (3) assessment cap and motor vehicle property tax account provisions are applicable to assessment years beginning on or after October 1, 2013.

SETTING THE STATEWIDE MILL RATE AND NOTIFYING ASSESSORS

The bill requires the OPM secretary to (1) calculate, on or before September 1, 2013 and annually thereafter, the median mill rate among all municipalities in the state and (2) notify assessors of the rate. Beginning with the 2013 assessment year (which begins October 1, 2013), assessors must use the statewide rate to calculate the amount of motor vehicle property tax due from each taxpayer. Municipal tax collectors use the 2013 assessments to calculate tax bills due in FY 15. The bill does not specify whether unconsolidated cities and boroughs are municipalities for this purpose.

The bill also makes a conforming change by eliminating the requirement that a municipality with more than one taxing district set a uniform citywide mill rate for taxing motor vehicles.

DISTRIBUTING MOTOR VEHICLE PROPERTY TAX REVENUE

Reporting and Remittance Requirements

Beginning in FY 15, the bill requires municipal tax collectors (1) to certify the amount of motor vehicle property tax revenue the town (a) collected in the preceding quarter under the statewide rate and (b) would have collected under its local mill rate, assuming the same collection rate and (2) in any towns with a local mill rate that is lower than the statewide rate, to remit to the DRS commissioner any revenue it collected in the preceding quarter that exceeds the amount it would have collected under its local rate, assuming the same collection rate (i.e., excess revenue). They must do so for each calendar quarter, by the

15th of October, January, April and July, beginning by October 15, 2014 and through July 15, 2019. The OPM secretary must prescribe the certification form and any other supporting information tax collectors must submit.

Table 1 shows the quarterly deadlines for these and other actions under the bill.

Table 1: Administrative Deadlines for Distributing Statewide Motor Vehicle Property Tax Revenue

<i>Calendar Quarter</i>	<i>Towns remit excess revenue to DRS and certify amounts to OPM by:</i>	<i>OPM calculates and certifies to the comptroller payments to towns by:</i>	<i>Comptroller draws an order on the treasurer by:</i>	<i>Last date for Treasurer to pay towns:</i>
July 1 – Sept. 30	Oct. 15	Nov. 1	Nov. 16	Dec. 1
Oct. 1 – Dec. 31	Jan. 15	Feb. 1	Feb. 16	March 2 or 3
Jan. 1 – March 31	April 15	May 1	May 16	May 31
April 1 – June 30	July 15	Aug. 1	Aug. 16	Aug. 31

Depositing Excess Revenue

DRS must deposit the excess revenue in the motor vehicle property tax account, which the bill creates. The account is a separate, nonlapsing account within the General Fund. It must contain any funds required by law to be deposited in the account.

Account funds must be used to make transition payments to municipalities (see below). Any money remaining in the account after the transition payments are calculated must be carried over to the next fiscal year. The OPM secretary must transfer to the General Fund any money remaining in the account on December 1, 2019.

Calculating Discrepancy and 5% Amounts

For FY 15 through FY 19, the bill requires the state to distribute the excess revenue towns remit to DRS. Under the bill, towns with a

higher mill rate than the statewide rate receive a discrepancy payment, while towns with a lower mill rate receive a payment equal to 5% of the tax revenue they would have collected under their local rates.

Beginning in FY 15, the OPM secretary must (1) calculate each town's discrepancy or 5% amount based on the quarterly certifications and supporting information local tax collectors provide and (2) certify the payment amounts to the state comptroller. He must do so quarterly beginning by November 1, 2014 and through August 1, 2019 (see Table 1). In the first year, eligible towns receive quarterly discrepancy payments equal to their discrepancy amounts. The bill reduces the amount of the payments by 20% for each of the four following assessment years. Table 2 shows the discrepancy payment schedule.

Table 2: Discrepancy Payment Schedule

<i>Quarterly Payments Beginning</i>	<i>Discrepancy Payments (% of discrepancy amount)</i>
Nov. 2014	100%
Nov. 2015	80%
Nov. 2016	60%
Nov. 2017	40%
Nov. 2018	20%

The bill requires any town with a lower mill rate than the statewide rate to receive a quarterly payment equal to 5% of the tax revenue they would have collected under their local rate in the preceding quarter.

Discrepancy and 5% Payments

The comptroller must draw an order on the treasurer for the discrepancy and 5% payments from the motor vehicle property tax account. The treasurer then has 15 calendar days to make the payments to towns (see Table 1).

ANTIQUE, RARE, AND SPECIAL INTEREST MOTOR VEHICLES

Definition

The bill increases, from 20 to 30 years, the age of vehicle that may be designated as antique, rare, or special-interest. The law, unchanged by the bill, specifies that it must have been preserved because of historic

interest, and is not altered or modified from the original manufacturer's specifications.

The bill also makes a conforming change to the definition of a modified antique motor vehicle, which is one that has been modified for safe road use, including modifications to the drive train, suspension, braking system, and safety and comfort apparatus. It increases, from 20 to 30 years old, the age at which a motor vehicle qualifies as a modified antique motor vehicle.

Assessment Cap

The bill increases, from \$500 to \$2,500, the maximum value of antique, rare, and special-interest motor vehicles for property tax assessment purposes. To qualify for the assessment cap, a vehicle must meet the statutory criteria for an antique, rare, or special-interest as described above.

Special Plate Program

By law, the Department of Motor Vehicles commissioner may issue special number plates to motor vehicles that qualify as antique, rare, or special-interest or modified antique, as described above. By changing the definitions of antique, rare, or special interest and modified antique motor vehicles, the bill restricts the age of vehicles that qualify for the special plates.

Presumably, antique vehicle owners that currently hold a special number plate for a vehicle that is less than 30 years old would have to give up the plate when renewing the car's registration.

Buying Vehicles for Sale of Parts

The law prohibits licensed motor vehicle dealers or repairers from obtaining any motor vehicle for the purpose of dismantling it and selling certain parts. It exempts parts bought or sold for use in antique, rare, or special-interest motor vehicles and modified antique motor vehicles. The bill restricts the age of vehicles that qualify for this exemption.

MOTOR VEHICLE VALUATION SCHEDULE

The law requires the OPM secretary to recommend a schedule of motor vehicle values that assessors must use to assess motor vehicles for property tax purposes. Under current law, the schedule must be based on the average retail price of motor vehicles as of October 1, as determined by the secretary in cooperation with the Connecticut Association of Assessing Officers. The bill instead requires the secretary to determine the value for each motor vehicle listed and prohibits him from basing the value on a motor vehicle's fair market value. It also requires the schedule to include values for motor vehicles up to 30 years old.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 10 Nay 9 (03/22/2013)