



OFFICE OF THE TAX COLLECTOR
THE CITY OF WATERBURY
CONNECTICUT

February 29, 2016

Re: **Opposition** to HB 5055

AN ACT CONCERNING ELIMINATION OF THE REQUIREMENT
THAT DELINQUENT MOTOR VEHICLE PROPERTY TAXES BE PAID
PRIOR TO RENEWING A MOTOR VEHICLE REGISTRATION

Esteemed Members of the Transportation Committee,

I write this testimony in opposition of HB 5055; An Act concerning the elimination of the requirement that delinquent motor vehicle taxes be paid prior to renewing a motor vehicle registration.

The collection of all local property taxes levied on residents and businesses provides for the largest source of revenue necessary to meet the City's operating expenses. Losing the requirement to pay delinquent motor vehicle taxes prior to renewing a motor vehicle registration will greatly diminish the City's collection of motor vehicles on both a current collection and delinquent collection basis.

The City of Waterbury's Grand List 2014 Motor Vehicle and Motor vehicle Supplemental bills that are being sent to DMV this year amounts to \$5.3 million in unpaid motor vehicle taxes and interest and over 21,000 car tax bill records. In past years when a full DMV delinquent purge was done and new records added semi-annually the number of delinquent records filed with DMV were between 85,000 and 110,000 delinquent motor vehicle records. The Waterbury Tax office issued releases for DMV vehicle registration clearances range between 8,500 and 10,000 releases annually, averaging about 800 DMV releases per month. The average delinquent motor vehicle taxes and interest collected for receipt of the DMV release is approximately \$2,000.00. This usually represents two years of levied collections plus interest coinciding with the 2-year motor vehicle registration renewal cycle.

We conservatively estimate that the DMV release program accounts for \$1 million per month or \$12 million annually in successful motor vehicle property tax collections. Being able to hold a taxpayer's registration is a critically important collections tool. Most of the time it is the only reason an individual may choose to pay their MV taxes. Collection agencies are very good locating people that have moved out of state but don't have the same collection effect as being able to hold someone's registration.

Residents and business who customarily pay their motor vehicle taxes may opt to lower the priority to pay their motor vehicle tax and may ultimately choose not to pay at all if the DMV tax clearance program is eliminated.

The collection of delinquent property tax revenues is additionally critical to maintaining a fair balance and distribution of levied taxes on all residents and businesses. The tax obligation not paid by one party ultimately is spread amongst all other tax paying residents and businesses in the form of an increased mil rate.

Frank A. Caruso Jr. C.C.M.C
Revenue Collection Manager
City of Waterbury
Phone (203) 574-6705

Michael LeBlanc
Director of Finance
City of Waterbury
Phone (203) 574-6840