TOWN OF CHESHIRE

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Connecticut Legislative Transportation Committee
Legislative Office Building
Room 3200
Hartford, Connecticut 06106

Re: Governor's Bill No 5055 – An Act Decreasing Wait Times at The Department of Motor Vehicles

Honorable Committee Members,

I am writing to express my objection to this proposed legislation specifically Section 5(c) which eliminates the existing section that currently states that "registration shall be denied any such vehicle if any personal property taxes are unpaid with respect to such vehicle, as provided in Section 14-33 (3)". Removing this critically important protection that local taxpayers have will greatly increase motor vehicle delinquencies, and significantly expand the demands placed on our already strained tax collection staff, especially since 72.2% of the tax bills issued are for motor vehicles.

For the Town of Cheshire 77.84% of our General Fund revenue is derived from our local property tax. Tax revenue is the foundation of our operating budget, as it is for all Connecticut municipalities, and the success of our financial operation is tied directly to our tax revenue and our success in maintaining our outstanding collection rate of 99.7%.

The Town of Cheshire maintains a AAA credit rating from Fitch and Standard and Poors, and we have been fortunate to have generated consistent budget surpluses and a healthy fund balance, primarily because of our consistently high tax collection rate.

Motor vehicles comprise about 6.7% of our Grand List and while our overall collection rate is 99.7% our Supplemental Motor Vehicle Collection rate is 96.7% illustrating how much more challenging it is to collect motor vehicle taxes. The reason for this variance in collections is the volume of motor vehicle tax bills relative to real estate and business personal property, the transient nature of vehicle location and ownership, and the very limited leverage tax collectors have for collection enforcement.

Tax collectors have multiple tools to collect Real Estate Tax such as liens, foreclosure, jeopardy collection, tax lien sales, property auction, etc. Similarly with personal property they can file a UCC lien, withhold various Town permits and other revenue opportunities. While tax collectors can attach and seize bank accounts for any type of tax delinquency, other than repeated billings and dunning notices, Tax Collectors have no other resources to collect motor vehicle taxes except one major and repeatedly successful back stop, the motor vehicle

registration process. The inability of an individual to register their motor vehicle because of delinquent taxes has been the saving grace to recovering delinquent motor vehicle taxes. The State now wants to eliminate this one and only safeguard we have to collect motor vehicle taxes at a time when municipalities are most dependent on our tax revenue as the State continues to cut municipal aid while also imposing more onerous unfunded mandates on us.

The State expects municipalities to control our financial destiny yet continues to erode our ability to do so, and the elimination of this provision in the Statute is one of the most egregious examples of this.

Equally disturbing is that the reason for the elimination of this provision is to decrease wait times at the Department of Motor Vehicles (DMV). Instead of addressing the root cause of the problem with the operation of the DMV, the State deals with a symptom of the problem and in doing so does little to improve efficiency in the registration process yet deprives municipalities of millions of dollars in tax revenue.

This proposed revision is short sighted, imprudent and continues to undermine any partnership that should exist between our two levels of government to ensure our sustainability and mutual success.

The State has consistently attempted to solve their problems on the backs of its municipalities and it is damaging our financial and operational effectiveness and the quality of life that we strive to provide our residents, and so I urge you to restore this critically important language to the legislation proposed by the Governor.

Thank You.

Very truly yours,

Michael A. Milone

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Town Manager

C: James Jaskot, Finance Director/Treasurer
William Donlin, Collector of Revenue

M:Town Manager\Letters\CT Legislative Transportation Cmte re Bill 5055