

Motor Vehicle Valuation for Property Tax

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Issue

How is the value of a motor vehicle determined for property tax purposes?

Summary

State law requires the Office of Policy and Management (OPM) secretary to choose a schedule of motor vehicle values and requires local tax assessors to use these values for property tax assessments. According to the *Handbook for Connecticut Assessors*, OPM generally chooses the appraisal guides published by the National Automobile Dealers Association (NADA) as the standard. The guides provide values for about 60-65% of registered vehicles, and the rest are valued by assessors using other sources of information. If a vehicle owner disputes the value the assessor has assigned to a vehicle, he or she has a statutory right to appeal to the town's board of assessment appeals. The town may adjust the assessment based on the factors the vehicle owner claims reduce the retail value of the vehicle, but this is not guaranteed.

Valuation Process

State law requires the OPM secretary to choose a schedule of motor vehicle values and requires assessors to use this schedule for assessment purposes ([CGS § 12-71d](#)). The schedule must include the value of every vehicle currently in use, to the extent this information is available. The values must be set at 100% of each vehicle's retail price as of October 1 of the assessment year. OPM, in consultation with the Connecticut Association of Assessing Officers (CAAO), generally

selects the price guides published by NADA as the standard. Local assessors are responsible for determining the value of any vehicle not listed in the guides, and any town's legislative body can change the assessment method by resolution.

By law, the Department of Motor Vehicles (DMV) must provide to each assessor in the state a list of motor vehicles in the assessor's town that are subject to property tax ([CGS § 14-163](#)). According to the *Handbook for Connecticut Assessors*, the CAAO annually purchases the OPM-recommended valuation software (generally NADA) and the DMV houses it at the agency's Wethersfield location. Prior to distributing each municipality's motor vehicle list, DMV values 60% to 65% of all registered vehicles using this software. The CAAO charges municipalities for using the software depending upon the number of vehicles on each town's grand list. The NADA guides do not include values for some vehicles, including customized or modified vehicles, older motor vehicles, and specialty cars. Determining the value of such vehicles is the town assessor's responsibility.

A vehicle owner who disagrees with a vehicle's assessment may appeal to the town's board of assessment appeals. The board must meet at least once each September solely to hear appeals of motor vehicle assessments ([CGS § 12-110](#)).

NADA Appraisal Guides

The NADA appraisal guides are not the only source of motor vehicle values, but historically they have been widely accepted by government agencies, insurance companies, financial institutions, leasing companies, and other entities. According to its website, NADA values are based on "actual auction and retail sales transactions, asking price information, as well as numerous macro- and micro-economic factors."

The law requires the assessed value for a vehicle to be its average retail price. The NADA guides define an average retail vehicle as one that should be clean and without glaring defects. Tires and glass must be in good condition and paint should match and have a good finish. The interior should have wear in relation to the vehicle's age, the carpet and upholstery should be clean, and all power options should work. Mileage must be within an "acceptable" range for the model year.

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