



**Betsy Gara**  
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**Before the Finance Committee**  
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The Connecticut Council of Small Towns (COST) **opposes SB-1139**, which calls for the elimination of the property tax on motor vehicles, except rental cars.

According to the 2014 Tax Incidence Report prepared by the state Department of Revenue Services, property taxes account for almost 45% of state and local taxes paid by residents. In smaller communities, homeowners are responsible for paying the vast majority of property taxes.

Unfortunately, municipal aid has been reduced or flat funded in recent years, putting more pressure on local property taxpayers to fund the increasing cost of delivering education and other services. This is driving up the cost of homeownership, undermining the housing market and diminishing housing values.

Accordingly, COST is very concerned that eliminating the property tax on motor vehicles will shift an untenable burden onto already overburdened homeowners. The property tax on motor vehicles generates more than \$850 million in local revenues – revenues which are relied upon to fund critical services, including education, public safety, transportation, and public works.

Homeowners cannot be expected to absorb an additional \$850 million in property taxes. This will decimate housing values, our communities, and our economy.

While we understand the frustration that many have regarding the car tax, efforts to reduce the car tax have fallen short. The Municipal Revenue Sharing Account, which was created to offset lost revenues due to the car tax cap, was not fully funded and the cap was increased from 39 mills to 45 mills. Although this may have provided nominal relief to car owners in certain municipalities, this relief was largely offset by increases in property taxes on homes and businesses and associated increases in the cost of goods and services, including rents.

Towns need predictable revenue streams to operate efficiently, plan for future growth, and implement capital plans to maintain and upgrade critical infrastructure. Efforts to eliminate or cap car taxes and replace lost revenue with inadequately funded state programs, have created uncertainty in local revenue streams, undermining local governments.

COST respectfully urges lawmakers to oppose the bill.

*Founded in 1975, COST is the state's only organization dedicated exclusively to advocating on behalf of the interests of Connecticut's smaller towns.*