

Western Connecticut COUNCIL OF GOVERNMENTS



March 4, 2021

Esteemed Chair Lemar, Vice Chairs Cassano and Simms,
Members of the Transportation Committee:

The Western Connecticut Council of Government (WestCOG) appreciates the opportunity to comment on House Bill No. 6569, *An Act Concerning Motor Vehicle Registration*.

WestCOG appreciates efforts to increase compliance with motor vehicle registration laws, decreasing the incidence of tax evasion and the shifting of the tax burden onto property owners that follow the law and, consequently, end up paying more than their fair share.

WestCOG recently submitted testimony to the Planning and Development Committee that may be of interest to your Committee as you discuss this important subject. I have attached this testimony for your consideration.

Should you have questions, please do not hesitate to contact me.

Thank you for your consideration.

A handwritten signature in black ink that reads "Francis R. Pickering". The signature is written in a cursive style with a horizontal line underneath the name.

Francis R. Pickering
Executive Director

Western Connecticut COUNCIL OF GOVERNMENTS



March 3, 2021

Esteemed Chairs Cassano and McCarthy Vahey,
Members of the Planning and Development Committee:

The Western Connecticut Council of Government (WestCOG) appreciates the opportunity to comment on House Bill No. 6543, *An Act Increasing the Income Tax Credit for Property Tax Payments*.

WestCOG urges the Committee to consider adjusting the state income tax credit in to provide an incentive for Connecticut residents to register motor vehicles in state and to pay the taxes that they are legally obligated to pay.

Out-of-state registration of residents' vehicles has come up repeatedly in Western Connecticut. Such tax evasion shrinks the tax base, forcing the mill rate to rise and the local tax burden to be shifted onto law-abiding residents. With the recent population influx from nearby major cities into Connecticut, this problem may only grow.

Adjusting the income tax credit to apply in full or in part *only* to motor vehicles would negate much of the financial incentive for local tax evasion, as only property owners who register their vehicles in state – and pay local property taxes – could claim the credit. In addition, targeting the credit to apply to taxes paid on motor vehicles would respond to concerns about horizontal equity (i.e., that tax bills for the same vehicle can vary substantially across the state).

Depending on the cash value of the credit, it could be structured in part or in full only to apply to motor vehicles. For instance:

1. If the credit is low (e.g., \$200), it could apply exclusively to motor vehicles.
2. If the credit is higher (e.g., \$500), it could be split (say, \$250 applying to motor vehicles, \$250 applying to real property).

As nearly all taxpayers who own a home also own a car, such an adjustment would not change the credit due to most homeowners (provided they have registered their car in state); nor would it impact on renters (who already may only claim the credit for local taxes on their cars).

Should you have questions, please do not hesitate to contact me.

Thank you for your consideration.

A handwritten signature in black ink that reads "Francis R. Pickering".

Francis R. Pickering
Executive Director