



Senate

General Assembly

File No. 613

February Session, 2022

Substitute Senate Bill No. 380

Senate, April 25, 2022

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING A PROPERTY TAX EXEMPTION FOR CERTAIN PASSENGER MOTOR VEHICLES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-71e of the 2022 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective from passage*):

4 (a) Notwithstanding the provisions of any special act, municipal
5 charter or home rule ordinance, (1) for the assessment year commencing
6 October 1, 2016, the mill rate for motor vehicles shall not exceed 39 mills,
7 and (2) for the assessment year commencing October 1, 2017, and each
8 assessment year thereafter, the mill rate for motor vehicles shall not
9 exceed 45 mills.

10 (b) Any municipality or district may establish a mill rate for motor
11 vehicles that is different from its mill rate for real property and personal
12 property other than motor vehicles to comply with the provisions of this

13 section. No district or borough may set a motor vehicle mill rate that if
14 combined with the motor vehicle mill rate of the town, city, consolidated
15 town and city or consolidated town and borough in which such district
16 or borough is located would result in a combined motor vehicle mill rate
17 (1) above 39 mills for the assessment year commencing October 1, 2016,
18 or (2) above 45 mills for the assessment year commencing October 1,
19 2017, and each assessment year thereafter.

20 (c) Notwithstanding the provisions of any special act, municipal
21 charter or home rule ordinance, a municipality or district that set a
22 motor vehicle mill rate prior to October 31, 2017, for the assessment year
23 commencing October 1, 2016, may, by vote of its legislative body, or if
24 the legislative body is a town meeting, the board of selectmen, revise
25 such mill rate to meet the requirements of this section, provided such
26 revision occurs not later than December 15, 2017.

27 (d) Notwithstanding the provisions of section 12-112, any board of
28 assessment appeals of a municipality that mailed or distributed, prior to
29 October 31, 2017, bills to taxpayers for motor vehicle property taxes
30 based on assessments made for the assessment year commencing
31 October 1, 2016, shall hear or entertain any appeals related to such
32 assessments not later than December 15, 2017.

33 (e) (1) For the assessment year commencing October 1, 2021, and each
34 assessment year thereafter, any municipality or district with a motor
35 vehicle mill rate that exceeds 29 mills shall provide an exemption from
36 the tax imposed under this chapter on a passenger motor vehicle in the
37 amount of five thousand dollars of the assessed value of such motor
38 vehicle, provided a taxpayer's liability on such motor vehicle shall not
39 be reduced to less than zero.

40 (2) Any municipality and any district located within such
41 municipality may apply to the Secretary of the Office of Policy and
42 Management, in such form and manner as prescribed by the secretary,
43 for reimbursement of the amount of property tax loss related to the tax
44 exemption authorized under this subsection.

45 [(e)] (f) For the purposes of this section, "municipality" means any
46 town, city, borough, consolidated town and city, consolidated town and
47 borough and "district" means any district, as defined in section 7-324.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-71e

FIN Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Policy & Mgmt., Off.	GF - Cost	\$240 million	\$240 million

Note: GF=General Fund

Municipal Impact: See Below

Explanation

The bill creates an exemption on the assessed value of passenger motor vehicles of \$5,000 in any municipality with a mill rate over 29. It allows those municipalities to apply to the Office of Policy and Management (OPM) for reimbursement for the revenue loss due to such exemption.

The bill results in a revenue loss to municipalities with mill rates over 29 of \$240 million, and a corresponding cost to OPM to reimburse those municipalities. As the bill requires OPM to reimburse municipalities for 100% of the tax loss resulting from the exemption, the net impact to municipalities is zero.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in municipal grand lists and mill rates.

OLR Bill Analysis**sSB 380*****AN ACT CONCERNING A PROPERTY TAX EXEMPTION FOR CERTAIN PASSENGER MOTOR VEHICLES.*****SUMMARY**

This bill requires municipalities and districts that impose a motor vehicle mill rate of greater than 29 mills to provide a \$5,000 exemption on the assessed value of passenger motor vehicles. The requirement applies beginning with the 2021 assessment year (i.e., for tax bills sent out beginning July 1, 2022). Under the bill, the \$5,000 exemption may not reduce a taxpayer's liability to less than zero.

The bill allows municipalities and districts to apply to the Office of Policy and Management (OPM) secretary for reimbursement of the property tax loss from this exemption. The OPM secretary must determine the form and manner for doing so.

The bill applies to any town, city, borough, consolidated town and city, and consolidated town and borough (i.e., "municipality"), and village, fire, sewer, or combination fire and sewer districts, and other municipal organizations authorized to levy and collect taxes (i.e., "district").

EFFECTIVE DATE: Upon passage

BACKGROUND***Motor Vehicle Mill Rate Cap***

Existing law authorizes municipalities and districts to tax motor vehicles and other types of property (i.e., real and other personal property) at different mill rates, but caps the rate municipalities may impose on motor vehicles at 45 mills (CGS § 12-71e). It requires districts and boroughs that tax motor vehicles to ensure that their rate, when

combined with the municipality's motor vehicle mill rate, does not exceed 45 mills. The law also establishes a grant program to reimburse municipalities and districts for part of the lost revenue from this cap (CGS § 4-66l, as amended by PA 21-2, June Special Session, § 444).

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 30 Nay 21 (04/06/2022)