

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

EMERGENCY CERTIFICATION

SB-501

AN ACT CONCERNING MOTOR VEHICLE ASSESSMENTS FOR PROPERTY TAXATION, INNOVATION BANKS, THE INTEREST ON CERTAIN TAX UNDERPAYMENTS, THE ASSESSMENT ON INSURERS, SCHOOL BUILDING PROJECTS, THE SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY CHARTER AND CERTAIN STATE HISTORIC PRESERVATION OFFICER PROCEDURES.

OFA Fiscal Note

State Impact: See Below

Municipal Impact: See Below

Explanation

Sections 1-12 make various changes to the valuation and taxation of motor vehicles described below.

The bill increases the depreciation schedule for motor vehicles by five percentage points for each year starting at 85% instead of 80%. This results in a grand list increase to municipalities beginning in FY 26.

The bill also changes the minimum from \$500 valued to \$500 assessed under the depreciation schedule. A vehicle valued at \$500 is approximately \$350 assessed. This results in a grand list increase beginning in FY 26 as no vehicles will have a taxable (assessed) value of less than \$500.

Under this bill, assessors must determine the method for (1) valuing modifications and attachments to commercial vehicles and (2) the vehicles to which these are attached. Any impact is dependent on how

these modifications, attachments, and vehicles would have otherwise been valued.

The bill also eliminates certain deadlines for the supplemental motor vehicle tax bill. To the extent this results in some motor vehicles being added to a different town's grand list at different points in time, there is a potential shift of grand lists between towns. This also results in a potential revenue gain to various municipalities associated with increased interest charged as the due date for supplemental tax bills will be moved up.

Certain deadlines for motor vehicle tax credits are also eliminated. This may result in a savings to municipalities beginning in FY 25 to the extent fewer claims are made due to the shorter deadline and less tax credits are issued.

These sections make various other changes that do not result in a municipal impact.

Section 13 allows municipalities to establish a mill rate for motor vehicles (MV) equal to or lower than 32.46 mills, including zero beginning in FY 26. This will result in a revenue loss to municipalities that elect to lower their MV mill rate to as low as zero. However, it is anticipated that these municipalities would adjust the mill rate for other classes of property to make up for any revenue loss they experience because of the lowered MV mill rate.

Sections 14-29 result in no fiscal impact by changing the name of the uninsured bank charter to "innovation bank charter" and making related clarifying and conforming changes to the banking statutes.

Section 30 exempts taxpayers from paying interest on underpayments of certain taxes if the underpayment was due to an amended return filing necessitated by Internal Revenue Service (IRS) guidance on the federal employee retention credit. This results in a minimal General Fund revenue loss as early as FY 25.

Section 31 alters the basis for the assessment that funds the Insurance Department and various other agencies, which has no fiscal impact because it does not change the total amount of revenue to be collected.

Sections 32-33 make a change to school construction contracting requirements that may impact future project costs, which in turn would affect levels of state reimbursement and municipal revenue gain. The impact of changes to costs for future projects on the school construction priority list will be reflected when such projects are considered by the legislature in the future.

Sections 34-42 allow the South Central Connecticut Regional Water Authority (the Authority) to acquire property and assets outside their service area, which is not anticipated to result in a municipal impact. To the extent that the Authority acquires property or assets that are outside said service area, it is assumed that municipalities where such property is located will receive payments in lieu of taxes from the Authority pursuant to CGS Sec. 12-75.

Section 43 makes modifications to procedures relating to the State Historic Preservation Officer's project reviews which have no fiscal impact.

The Out Years

The potential out-years fiscal impacts are indicated in the write ups above, as applicable.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does 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.