

# Planning and Development Committee

## JOINT FAVORABLE REPORT

**Bill No.:** HB-5172

AN ACT CONCERNING THE ASSESSMENT OF MOTOR VEHICLES FOR

**Title:** PROPERTY TAXATION.

**Vote Date:** 3/15/2024

**Vote Action:** Joint Favorable Substitute

**PH Date:** 2/21/2024

**File No.:**

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

### SPONSORS OF BILL:

Planning and Development Committee

### REASONS FOR BILL:

HB 5172 seeks to revise statues relating to motor vehicles assessment and taxation. It will allow for a fairer system and provide transparency for all taxpayers by providing predictable motor vehicle valuations to more accurately reflect the market. It would create substantial labor and time saving for state and municipal officials.

### RESPONSE FROM ADMINISTRATION/AGENCY:

[Martin Heft, Undersecretary, Office of Policy and Management](#)

The Office of Policy and Management expressed support for HB-05172. It explained that the bill language follows SB-012085 amendment from the last legislative session. They noted that OPM worked with stakeholders on the implementation process. This included working with Planning and Development Chairs, the Department of Motor Vehicles, Assessors, Tax Collectors, vendors, the Connecticut Conference of Municipalities, and the Connecticut Council of Small towns.

### NATURE AND SOURCES OF SUPPORT:

[Betsy Gara, Executive Director, Connecticut Council of Small Towns](#)

COST stated that they appreciate the efforts of the members of this committee to ensure that there has been ample opportunity to review and discuss the changes and determine if there are any issues or concerns that need to be addressed.

## **NATURE AND SOURCES OF OPPOSITION:**

None expressed.

## **GENERAL COMMENTS:**

[Randy Collins, Associate Director of Policy, The CCM](#)

The Connecticut Conference of Municipalities (CCM) stated HB 5172 would make changes to PA 22-118, Sections 497-509 regarding the taxation of motor vehicles. These changes have been recommended by the motor vehicle working group under OPM based on their review of the language adopted in 2022. These changes are needed in order to allow for the creation of the needed software and for the proper implementation of the changes to process by which motor vehicles are assessed and taxed by municipalities.

The changes to motor vehicle assessments enacted by PA 22-118, significantly alter the process by which motor vehicles are valued and assessed. The new law will change the current process of using motor vehicle values calculated by the National Automobile Dealers Association (NADA) to using Manufacturer's Suggested Retail Price (MSRP) with a corresponding depreciation scale. The proposed depreciation scale values a vehicle that is less than a year old at 80% of MSRP and decrease that value by 5% annually over 20yrs. The bill would also eliminate the provisions within PA 22-118 which would require vehicles owned by businesses to be included on their annual declaration of tangible personal property and establish a process by which aftermarket vehicle add-ons are incorporated into the taxable value of the vehicle.

CCM, while in agreement with the need to make changes to PA 22-118, are still working to determine the fiscal impact that the proposed changes in HB 5172 will have on towns and cities.

**Reported by: Ashley Orser**

**Date: 3/18/2024**