



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

TESTIMONY PRESENTED TO THE FINANCE, REVENUE, AND BONDING COMMITTEE
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Jeffrey Beckham
Secretary
Office of Policy and Management

Testimony Opposing Senate Bill No. 450

**AN ACT PHASING IN THE EXEMPTION OF MOTOR VEHICLES FROM PROPERTY TAX
AND INCREASES IN THE UNIFORM PROPERTY ASSESSMENT RATE**

Senator Fonfara, Representative Horn, and distinguished members of the Finance, Revenue, and Bonding Committee, thank you for the opportunity to offer testimony on Senate Bill No. 450, An Act Phasing in the Exemption of Motor Vehicles From Property Tax and Increases in the Uniform Property Assessment Rate.

The Office of Policy and Management (OPM) is opposed to SB 450, which increases the uniform assessment rate incrementally beginning with the October 1, 2024 assessment year through October 1, 2028.

The assessment rate change will impact the real property valuation of state-owned, private colleges, general hospitals, and free-standing chronic disease hospitals. These valuations are part of statutory formula grants and have the potential to increase the cost of the Tiered Payment in Lieu of Taxes (PILOT) payment.

Assuming flat spending among municipalities, the first assessment rate increase to 75% would increase assessment values of eligible PILOT properties by 9.33% and the Tiered PILOT payment by 7.14% or \$23,350,292 over current funding level.

There has been unprecedented growth in municipal aid under Governor Lamont's administration. Fully one-half of one percent of our state sales tax is now dedicated to our municipalities and deposited into the Municipal Revenue Sharing Fund, along with a revenue transfer of more than \$100 million from the General Fund in FY 2024. Between fiscal year 2020 through fiscal year 2025, municipal aid for general government and education will have expanded by 24% from \$3.6 billion to \$4.5 billion.

The state has clearly demonstrated through its actions its overwhelming support for our cities and towns.

Thank you for the opportunity to provide this testimony.