



CCM Testimony

545 Long Wharf Drive., 8th Floor, New Haven, CT 06511 • 203-498-3000



PLANNING & DEVELOPMENT COMMITTEE

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The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent 168 towns and cities.

HB 5172 AAC The Assessment of Motor Vehicles for Property Taxation

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, would for taxable purposes, value 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.

Furthermore, the bill requires DMV to provide monthly reports on newly purchased and locally registered motor vehicles.

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.

The original assumption by OPM that the adopted changes from PA 22-118 would result in no more than a 1% reduction in motor vehicle grand lists is no longer accurate and the projected reductions in motor vehicle grand lists will be closer to 20% for some towns and cities.



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Any reduction to municipal motor vehicle grand lists will simply result in that loss being offset by shifting the burden to real and personal property taxes.

CCM and its member towns and cities need to fully understand the fiscal impact of this bill before we can determine if we can support HB 5172. CCM looks forward to working with the committee and stakeholders on this issue as the session progresses.

If you have any questions, please contact Randy Collins, Associate Director of Public Policy and Advocacy, at CCM at rcollins@ccm-ct.org or 860.707.6446