

# Finance, Revenue and Bonding Committee

## JOINT FAVORABLE REPORT

**Bill No.:** SB-1554

AN ACT CONCERNING THE ELIMINATION OF THE PROPERTY TAX ON  
MOTOR VEHICLES AND THE PROVISION OF REIMBURSEMENT AND

**Title:** OTHER GRANTS TO MUNICIPALITIES.

**Vote Date:** 4/24/2025

**Vote Action:** Joint Favorable Substitute

**PH Date:** 4/14/2025

**File No.:** 880

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### SPONSORS OF BILL:

Finance, Revenue, & Bonding Committee

### REASONS FOR BILL:

This bill aims to gradually eliminate the property tax on motor vehicles and provide financial reimbursement and grants to municipalities to offset revenue losses caused by said elimination. With this elimination, the goal is to use state revenue and savings from lower employer contributions to offset municipal revenue losses, create a fairer distribution system based on municipal needs and by creating annual reports, provide more transparency.

### PROPOSED SUB. LANGUAGE

Section 1 has been given a new addition.

### RESPONSE FROM ADMINISTRATION/AGENCY:

#### Jeffrey Beckham, Secretary, Office of Policy and Management (CT):

Secretary Jeffrey Beckham submitted testimony in opposition to this legislation because the potential for volatile swings in assessed values would ultimately be a disservice to taxpayers and would undermine the state's efforts towards providing stability and transparency to motor vehicle valuations by switching to a method of assessment based on depreciation instead of market value.

### NATURE AND SOURCES OF SUPPORT:

**Tim Anop, Director of External Affairs, Yankee Institute:** Tim Anop submitted testimony in support of this legislation because it represents a meaningful step forward toward phasing out the motor vehicle property tax, one of the most regressive and resented taxes in the state. They believe this will empower residents, help to grow the economy, and restore confidence in government.

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

**Randy Collins, Associate Director of Policy, Connecticut Conference of Municipalities:** Randy Collins submitted testimony in opposition of this legislation because eliminating the motor vehicle tax without a comprehensive plan to provide revenue diversification will result in shifting that burden onto real property and the burden on businesses that do not own vehicles, homeowners and renters that do not own cars and utilize public transportation and to seniors on fixed income.

**Samuel Gold, Executive Director, Lower CT River Valley Council of Governments:** Samuel Gold submitted testimony in opposition to this legislation because municipalities rely on the car tax to provide a significant portion of municipal revenues. With cuts to federal grants to states and municipalities, in addition to a looming recession, state finances may not be able to keep municipalities whole if the car tax is eliminated.

**Betsy Gara, Executive Director, Connecticut Council of Small Towns:** Betsy Gara submitted testimony in opposition to this legislation because they are concerned the bill will shift a greater property tax burden onto already overburdened homeowners and other property taxpayers.

**Patrick O'Brien, Research and Policy Director, CT Voices for Children:** Patrick O'Brien submitted testimony expressing concern on this legislation because it could leave municipalities with significant revenue shortfalls or require the state to divert funding from other essential programs to maintain municipal aid. Redirecting these revenues would take funding from budget priorities which undermines the support of state municipal aid programs.

**Reported by: Griffin Olshan**

**Date: 5/1/25**