



General Assembly

January Session, 2025

***Raised Bill No. 1554***

LCO No. 6965



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:  
(FIN)

***AN ACT CONCERNING THE ELIMINATION OF THE PROPERTY TAX ON MOTOR VEHICLES AND THE PROVISION OF REIMBURSEMENT AND OTHER GRANTS TO MUNICIPALITIES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1       Section 1. (NEW) (*Effective from passage*) (a) Commencing in the fiscal  
2       year ending June 30, 2028, and each fiscal year thereafter, the Treasurer  
3       shall transfer revenue received by the state from estimated and final  
4       payments of the personal income tax imposed under chapter 229 of the  
5       general statutes and the affected business entity tax imposed under  
6       section 12-699 of the general statutes, in an amount equal to the  
7       difference between the final threshold amount calculated for the fiscal  
8       year ending June 30, 2027, and the threshold amount under section 4-  
9       30a of the general statutes for each fiscal year thereafter, as adjusted.  
10      Such amounts shall be deposited in the municipal offset vehicle expense  
11      account established under subsection (c) of this section.
- 12      (b) Commencing in the fiscal year ending June 30, 2028, and each  
13      fiscal year thereafter, whenever the Comptroller certifies through an  
14      annual actuarial valuation for the prior fiscal year that there is a decrease

15 in the necessary budgeted actuarially determined employer  
16 contribution for the applicable fiscal year compared to the amount  
17 determined from the actuarial valuation for the fiscal year ending two  
18 fiscal years prior, the Comptroller shall transfer the amount of such  
19 difference to the municipal offset vehicle expense account established  
20 under subsection (c) of this section.

21 (c) There is established an account to be known as the "municipal  
22 offset vehicle expense account", which shall be a separate, nonlapsing  
23 account. The account shall contain any moneys required by law to be  
24 deposited in the account. Moneys in the account shall be expended by  
25 the Secretary of the Office of Policy and Management for the purpose of  
26 phasing out the property tax on motor vehicles imposed by chapter 203  
27 of the general statutes, disbursing grants to municipalities for the  
28 revenue loss associated with such phase-out and paying grants to  
29 municipalities pursuant to subsection (e) of this section.

30 (d) The Secretary of the Office of Policy and Management shall begin  
31 the process of reducing the property tax on motor vehicles by  
32 exempting, commencing in the fiscal year ending June 30, 2029, a  
33 portion of the assessed value of a motor vehicle each fiscal year until the  
34 property tax on motor vehicles is reduced to zero and disbursing grants  
35 to municipalities as reimbursement for the revenue loss resulting from  
36 such exempted portion. The secretary shall calculate, for the fiscal year  
37 ending June 30, 2029, and each fiscal year thereafter, (1) the amount of  
38 the portion of the assessed value of a motor vehicle that shall be  
39 exempted, based on the amount projected to be available for  
40 disbursement in the municipal offset vehicle expense account  
41 established under subsection (c) of this section, and (2) the amounts of  
42 the reimbursement grants to be disbursed to each municipality. The  
43 secretary shall notify the chief executive officer of each municipality not  
44 later than September 1, 2027, and each September first thereafter, of the  
45 exemption amount and the grant amount payable to each municipality  
46 pursuant to this subsection.

47 (e) (1) On or before the date the property tax on motor vehicles is  
48 reduced to zero pursuant to subsection (d) of this section, the Secretary  
49 of the Office of Policy and Management shall calculate and post on the  
50 Office of Policy and Management's Internet web site a municipal needs  
51 capacity gap metric for each municipality. Such metric shall be  
52 calculated in accordance with the methodologies used in the May, 2015  
53 New England Public Policy Center Research Report 15-1.

54 (2) Not later than July fifteenth of the fiscal year in which the property  
55 tax on motor vehicles is reduced to zero pursuant to subsection (d) of  
56 this section, the secretary shall determine the formulae and calculations,  
57 based on the amount available for disbursement in the municipal offset  
58 vehicle expense account established under subsection (c) of this section,  
59 for grants to be paid to municipalities as follows: (A) Fifty per cent of  
60 such amount shall be distributed to municipalities for needs capacity  
61 grants based on a municipality's municipal needs capacity gap metric;  
62 and (B) fifty per cent of such amount shall be distributed to  
63 municipalities on a per capita basis, as determined by the most recent  
64 federal decennial census.

65 (3) Not later than August first immediately following such July  
66 fifteenth, the secretary shall present such formulae and calculations and  
67 the projected amounts each municipality would receive under  
68 subparagraphs (A) and (B) of subdivision (2) of this subsection to the  
69 joint standing committees of the General Assembly having cognizance  
70 of matters relating to finance, revenue and bonding and local  
71 governments.

72 (4) Not later than September first of each subsequent year, the  
73 secretary shall calculate the amount of each municipality's grants under  
74 subdivision (2) of this subsection and notify the chief executive officer  
75 of each municipality of the grant amounts payable to such municipality  
76 pursuant to said subdivision.

77 (f) Commencing in the fiscal year ending June 30, 2028, the Secretary

78 of the Office of Policy and Management shall submit an annual report  
79 to the General Assembly, in accordance with the provisions of section  
80 11-4a of the general statutes, of a summary of the following, as  
81 applicable: (1) The amount in the municipal offset vehicle expense  
82 account established under subsection (c) of this section; (2) for the  
83 applicable fiscal year, the amount of the portion of the assessed value of  
84 a motor vehicle exempted pursuant to subsection (d) of this section and  
85 the amounts of the reimbursement grant provided to each municipality  
86 due to such exemption; (3) information and data related to the grants  
87 under subsection (e) of this section; and (4) any other information the  
88 secretary deems relevant or necessary to any grants disbursed pursuant  
89 to this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

***Statement of Purpose:***

To phase out and eliminate the property tax on motor vehicles through the dedication of certain revenue and savings for reimbursement and other grants to municipalities.

***[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]***