



General Assembly

Substitute Bill No. 1554

January Session, 2025



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, whenever the
3 Comptroller certifies through an annual actuarial valuation for the prior
4 fiscal year that there is a decrease in the necessary budgeted actuarially
5 determined employer contribution for the state employees retirement
6 system and the teachers' retirement system, combined, for the
7 applicable fiscal year, compared to the amount determined from the
8 actuarial valuation for the fiscal year ending two fiscal years prior, the
9 Comptroller shall transfer the amount of such difference from the
10 General Fund to the municipal offset vehicle expense account
11 established under subsection (b) of this section.

12 (b) There is established an account to be known as the "municipal
13 offset vehicle expense account", which shall be a separate, nonlapsing
14 account. The account shall contain any moneys required by law to be
15 deposited in the account. Moneys in the account shall be expended by
16 the Secretary of the Office of Policy and Management for the purpose of
17 phasing out the property tax on motor vehicles imposed by chapter 203
18 of the general statutes, disbursing grants to municipalities for the

19 revenue loss associated with such phase-out and paying grants to
20 municipalities pursuant to subsection (d) of this section.

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

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

45 (2) Not later than October fifteenth of the fiscal year in which the
46 property tax on motor vehicles is reduced to zero pursuant to subsection
47 (c) of this section, if moneys remain in the municipal offset vehicle
48 expense account after the grants under subsection (c) of this section are
49 calculated for disbursement, the secretary shall determine the formulae
50 and calculations for grants to be paid to municipalities, based on the
51 moneys remaining, as follows: (A) Fifty per cent of such amount shall

52 be distributed to municipalities for needs capacity grants based on a
 53 municipality's municipal needs capacity gap metric; and (B) fifty per
 54 cent of such amount shall be distributed to municipalities on a per capita
 55 basis, as determined by the most recent federal decennial census.

56 (3) Not later than November first immediately following such
 57 October fifteenth, the secretary shall present such formulae and
 58 calculations and the projected amounts each municipality would receive
 59 under subparagraphs (A) and (B) of subdivision (2) of this subsection to
 60 the joint standing committees of the General Assembly having
 61 cognizance of matters relating to finance, revenue and bonding and
 62 local governments.

63 (4) Not later than December first of each subsequent year, the
 64 secretary shall calculate the amount of each municipality's grants under
 65 subdivision (2) of this subsection and notify the chief executive officer
 66 of each municipality of the grant amounts payable to such municipality
 67 pursuant to said subdivision.

68 (e) Commencing in the fiscal year ending June 30, 2028, the Secretary
 69 of the Office of Policy and Management shall submit an annual report
 70 to the General Assembly, in accordance with the provisions of section
 71 11-4a of the general statutes, of a summary of the following, as
 72 applicable: (1) The amount in the municipal offset vehicle expense
 73 account established under subsection (b) of this section; (2) for the
 74 applicable fiscal year, the amount of the portion of the assessed value of
 75 a motor vehicle exempted pursuant to subsection (c) of this section and
 76 the amounts of the reimbursement grant provided to each municipality
 77 due to such exemption; (3) information and data related to the grants
 78 under subsection (d) of this section; and (4) any other information the
 79 secretary deems relevant or necessary to any grants disbursed pursuant
 80 to this section.

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| This act shall take effect as follows and shall amend the following sections: | | |
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| Section 1 | <i>from passage</i> | New section |
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FIN *Joint Favorable Subst.*