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## OLR Bill Analysis

### SB 1445

#### ***AN ACT AUTHORIZING MUNICIPALITIES TO EXEMPT MOTOR VEHICLES FROM PROPERTY TAXATION.***

#### **SUMMARY**

This bill allows municipalities to adopt an ordinance exempting motor vehicles from property tax and, to make up this revenue loss, increase the assessment ratio for all other property types (real property and non-vehicle personal property). Municipalities may phase in the exemption and assessment ratio increase over a period up to five years. Under current law, the assessment ratio (the percentage of a property's value that is subject to property tax) is generally 70% for all property types. (Hartford is the exception, as it operates under a law that generally sets a lower assessment ratio for qualifying residential property compared with other real and personal property.)

Under the bill, the exempting ordinance must be adopted by the municipality's legislative body or, if its legislative body is a town meeting, board of selectmen. The municipality must notify the Office of Policy and Management (OPM) if it does so, and OPM must annually report this and other information to the legislature, as described below. The bill also makes a conforming change in the law requiring all municipalities to use a uniform assessment ratio.

Existing law, unchanged by the bill, explicitly authorizes municipalities to set their tax rates for motor vehicles at zero mills.

EFFECTIVE DATE: October 1, 2025

#### **NOTIFICATION AND REPORTING REQUIREMENTS**

Any municipality that adopts an ordinance described above must notify OPM in writing within 30 days after adopting it. The notice must include the assessment year the exemption will go into effect and the assessment ratio for each year until the exemption is in effect.

The bill requires the OPM secretary to annually report, beginning by January 1, 2027, to the Planning and Development and Finance, Revenue and Bonding committees on each municipality that provided notice of adoption in the prior year. The report must include (1) a copy of the municipality's ordinance, (2) the assessment year the exemption will go into effect, and (3) the property tax assessment rate the municipality set for each year until the exemption goes into effect. OPM's initial report must also include the secretary's recommendations for any legislative changes he deems necessary to implement these provisions.

### **COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable

Yea 11      Nay 8      (03/21/2025)