

Finance, Revenue and Bonding Committee JOINT FAVORABLE REPORT

Bill No.: Senate Bill 380

AN ACT CONCERNING A PROPERTY TAX EXEMPTION FOR CERTAIN

Title: PASSENGER MOTOR VEHICLES.

Vote Date: 4/6/2022

Vote Action: Joint Favorable Substitute

PH Date: 3/15/2022

File No.: 613

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SPONSORS OF BILL:

The Finance, Revenue and Bonding Committee

REASONS FOR BILL:

The raised bill requires that the Commissioner of the Department of Revenue Services (DRS) study the state's tax policies and identify legislative changes that would improve the state's business climate and economic opportunities. The findings must be reported to the Finance, Revenue and Bonding Committee by January 1, 2023.

Substitute language was adopted to require municipalities that have a mill rate greater than 29 mills to provide a \$5,000 exemption for the motor vehicle tax. Such exemption would apply on and after the assessment year commencing October 1, 2021. The exemption cannot reduce the taxpayer's liability on such motor vehicle to less than zero. Municipalities may apply to the Office of Policy and Management (OPM) for reimbursement of the amount of property tax loss related to this new tax exemption.

RESPONSE FROM ADMINISTRATION/AGENCY:

None expressed.

NATURE AND SOURCES OF SUPPORT:

The people listed below submitted testimony in support of the bill, and testified that Connecticut remains a state of vast inequality despite being one of the wealthiest states in the nation. They reference the 2014 State Tax Incidence Analysis performed by DRS showing that the bottom 50% of earners in the state contribute 23.6% of their income in taxes, however the top 1% contribute only 7.5%. A follow up report released earlier this year showed that low-income households now pay up to 26% of their income in taxes, middle income households are also paying more – as much as 15.5%, yet the ultra-wealthy's effective tax rate has remained flat.

They testified that Connecticut's tax system is more regressive now than it was in 2014, thus proving that tax fairness in Connecticut is getting worse and the state must act soon.

[Beverley Brakeman, Regional Director, United Auto Workers, Region 9A](#)

[Carl Chisem, President, Connecticut Employees Union Independent, SEIU Local 511, Member, Recovery For All Coalition](#)

[Lauren Doninger, Member, Recovery For All Coalition](#)

[John Filchak, Executive Director, Northeastern Connecticut Council of Governments](#)

[Joelle Fishman, Chair, Connecticut Communist Party USA](#)

[Callie Gale Heilmann, President & Co-Director, Bridgeport Generation Now](#)

[Madeline Granato, Policy Director and Brandi A. Kennedy, MSW Policy Practice Intern, Connecticut Women's Education and Legal Fund](#)

[Ed Hawthorne, President, Connecticut AFL-CIO, Member, Recovery For All Coalition](#)

[William Buhler, Member, CSEA SEIU Local 2001, Recovery For All Coalition](#) supported the bill stating that legislation enabling the study of government spending, revenue collection and tax policy are more important than ever; given Connecticut's lack of economic growth over the last decade.

[Seth Freeman, President, Congress of Connecticut Community Colleges](#) testified in support of the bill. He stated that as a native of Connecticut, he has lived his entire life here and has seen how little the state has done to address the divide between rich and poor. As a teacher in the Community College system, he saw first-hand how the students suffer from the states regressive tax structure and how supporting the bill would move the state forward and towards a more equitable Connecticut.

[Dustyn Nelson, President, Connecticut Nursery and Landscape Association](#) testified in support of the bill. The Connecticut Green Industry accounts for 51% of agriculture production in our state, with a total jobs impact of 43,000 and an economic impact of \$4.7 billion. Running a small business is incredibly tough, regardless of location, however, there are certain items that give some businesses the competitive advantage. Enacting a tax policy that improves the business climate will result in the ability to create more jobs and allow Connecticut based companies to be more competitive within the region.

[Stuart Savelkoul, Chief of Staff, American Federation of Teachers \(AFT\) Connecticut](#) testified in support of the bill with the hope that the study will provide the General Assembly with the research required to pass meaningful legislation that will address the inequities that currently plague our state's financial landscape. He stated that that the report released this month by DRS proves that tax fairness in Connecticut is getting worse, and so it is important that the state act soon. If we are to create an economy that works for all in this state, we must first recognize that the current system is designed to disproportionately hinder our working class.

NATURE AND SOURCES OF OPPOSITION:

[David Godbout](#) opposed the bill on the grounds that the current session of the Connecticut General Assembly is illegal, in breach of Article 3, Section 16 of the State Constitution.

Reported by: Dawn Silveira

Date: 4/18/2022