

## Planning and Development Committee JOINT FAVORABLE REPORT

**Bill No.:** SB-497

AN ACT ESTABLISHING A TASK FORCE TO STUDY ISSUES RELATING TO

**Title:** THE REPEAL OF THE MOTOR VEHICLE PROPERTY TAX.

**Vote Date:** 3/22/2023

**Vote Action:** Joint Favorable Substitute

**PH Date:** 2/15/2023

**File No.:**

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

### SPONSORS OF BILL:

Planning and Development Committee

### REASONS FOR BILL:

This bill eliminates the motor vehicle property tax. It replaces the revenue municipalities will lose with a local option landlord license fee and per rental unit fee and an 8% surcharge on homeowners and car insurance policies, to be remitted to municipalities. After the public hearing and debate, the bill is now a taskforce to study the effects proposed in the original bill.

### RESPONSE FROM ADMINISTRATION/AGENCY:

None expressed

### NATURE AND SOURCES OF SUPPORT:

**General Support Comments from individuals listed below with links to their respective written testimonies:**

[Golam Ahmed](#); [Harun Ahmed](#); [Harun Ahmed \(Self Employed\)](#); [Inaya Ahmed](#); [Majeda Ahmed](#); [Rahid Ahmed](#); [Roxar Ahmen](#); [Sofina Ahmed](#); [Yaseen Ahmed](#); [Ali Akbar](#); [Shirin Aktar](#); [Hajera Aktar](#); [Sabrina Akther](#); [Mohammed Alam](#); [Nurul Alam](#), [Nurul Enterprises, LLC.](#); [Harun Ali](#), [Liberty Tax Franchisee](#); [Ambia Toufigul](#); [Anonymous](#); [Mir Azam](#); [Mollah Bahauddin](#); [Ailin Aktar Chowdhury](#); [Fatima Chowdhury](#); [Humayun Chowdhury](#); [Jahed Chowdhury](#); [Sabina Chowdhury](#); [Shajeda Chowdhury](#); [Anwar Hossain](#); [Shah Islam](#); [Jahan Rownak](#); [Sorna Jaman](#); [Tarek Khan](#); [Jahanara Khatun](#); [Golam Kibria](#); [Mosfeka Mahmuda](#); [Sarker Mamun](#); [Syeda Marjea](#); [Md Siful Mollah](#); [Syeda Nipa](#);

[Farhadur Rahman](#); [Mashudur Rahman](#); [Mosiur Rahman](#); [Shuelur Rahman](#); [Tufail Rahman](#); [Yelena Rahman](#); [Namira Sristi](#); [Afrin Tarafder](#); [Ashfakul Tarafder](#); [Rifat Tarafder](#); [Sharifun Tarafder](#); [Syed Uddin](#); [Amir Uzzaman](#); [Abul Wadud Zaigirdar](#); [Anwari Nayeem, Director, The Caring Community of CT](#); [Abul Wadud Zaigirdar, Self-employed](#)

**Connecticut General Assembly, Senator Herron Keyon Gaston, 23<sup>rd</sup> District:**

Being a State Senator for an economically distressed municipality, I see the significant financial burden the motor vehicle tax has on my constituents. Especially, the most vulnerable (e.g., youth, persons with disabilities, elderly) —those who are already on fixed incomes and financially vulnerable. Should we eliminate the property tax on motor vehicles, it will help lift so many from the bitter grip of poverty and allow families to more responsibly utilize their resources to help put food on the table, or perhaps, be able to afford their medication, or put their kids in childcare.

**Yale University, Professor Fahmeed Hyder:**

By getting rid of this tax burden, CT residents may be better equipped to handle the higher costs of materials due to rising inflation.

**Bela Chowdhury:**

Having a car is not a luxury rather a necessity in CT, as public transportation is not a viable option. It would be a relief for many families if tax on owning a vehicle is lifted. Keeping in mind the rising sustenance costs such as electricity, oil, gas, groceries, I fully support Bill # 497 as a senior citizen living on limited income.

**Dennis DeBbate:**

The elimination of this tax would make Connecticut more "tax-friendly" to people looking to move here and to people who already live here.

**Nargis Gazi:**

I am a senior citizen and on a fixed income relying on monthly social security check and fluctuating income from my investment in the market. We are losing our friends and families who are moving to Vermont, Rhode Island and Florida. Raising Taxes make our state less appealing and attractive. Why should our children and grandchildren will move back to Connecticut when we no longer live here?

**Michelle Grant:**

We need to make Connecticut a more affordable place to live for everyone, which will encourage people to stay in the state rather than move to more tax friendly states, such as New Hampshire and Tennessee.

**Abu Hoque:**

I firmly support this bill. We the residents of CT have a very high living cost as it is. Vehicle tax is an additional burden on us.

**Mike Keo:**

I know many families within my community that have this same dream and want to invest in a stronger CT. Eliminating the car tax will benefit all of us from the working to middle class.

**Advantage Dental Group, LLC., DDS, Sajjad Khan:**

I employ 13 employees and serve three thousand patients in Connecticut. Post COVID it is becoming almost impossible to recruit and retain Dental Assistants and clerical staff due to people are moving out State and moving to south where cost of living is much affordable. Like many small businesses any tax break specially eliminating property tax on cars will be a great incentive for these young group of people for whom having a is not a luxury but a necessity for survival.

**University of Connecticut , MS, Sidratul Munhata:**

There are a lot of working-class people who already pay for enough taxes to begin with so it would be beneficial for us. The government works for the citizens, not the other way around.

**Krishna Phai:**

I believe car tax is a punitive tax placed upon the working class. Rarely would this cost impact higher income households, but it has absolutely been an issue for lower income households, forcing individuals to rely on inconsistent methods of transportation.

**Jason Zhang:**

I believe car tax is a punitive tax placed upon the working class. Rarely would this cost impact higher income households, but it has absolutely been an issue for lower income households, forcing individuals to rely on inconsistent methods of transportation. Removing a car tax would benefit working households and support income equality.

**NATURE AND SOURCES OF OPPOSITION:**

**CT Conference of Municipalities (CCM), Advocacy Manager Randy Collins:**

The elimination of the car tax is a goal that we all support but should be part of a comprehensive reform of the property tax system combined with needed municipal revenue diversification that will reduce the overreliance on the property tax. Any plan that eliminates more than \$1 billion in local revenue should provide for a sustainable means to replace that revenue.

**Connecticut Council of Small Towns (COST), Executive Director Betsy Gara:**

Without a failsafe mechanism for fully reimbursing municipalities for lost property tax revenues, eliminating car taxes will simply shift an even greater burden onto already overburdened homeowners and small businesses.

**Western CT Council of Governments (WestCOG), Executive Director Francis Pickering:**

WestCOG is concerned that replacing the property tax on motor vehicles with a surcharge on home and auto insurance policies may have unintended consequences. These may include increased federal tax liability for CT households as property taxes are deductible on federal taxes, and a disincentive to carry more insurance than the legal minimum or to carry insurance at all.

**Lower CT River Valley Council of Governments (RiverCOG), Executive Director Samuel Gold:**

If these new taxes and fees are levied on landlords those costs will be passed along to renters when their leases are renewed. Considering renters generally have a lower income than homeowners, and that many renters may be transit users who don't own cars, the shift in tax burden is unfair. Furthermore, the current motor vehicle tax is somewhat means tested as those who own more vehicles and more expensive vehicles pay more in tax than someone in the same municipality who owns only one vehicle or a cheap/old vehicle. Shifting tax burden from those who can afford to own cars to those who rent their homes seems like a regressive shift in municipal tax burden.

**Town of Bethany, First Selectwoman Paula Cofrancesco:**

Although the bill proposes to provide municipalities with alternative sources of revenue to make up lost tax revenues, towns are very concerned that the landlord licensing fee and insurance surcharge are not viable or sustainable options. Towns must be able to rely on predictable revenue streams to operate efficiently, deliver critical services, and move forward with projects to maintain and upgrade critical infrastructure.

**Town of Harwinton, First Selectman Michael Chris:**

Although this bill proposes to provide municipalities with alternative sources of revenue to make up for lost tax revenues, i.e., more taxes, we are very convinced that the landlord licensing fee and insurance surcharge are not viable or sustainable options. In particular, the landlord licensing fee will shift a tremendous cost burden onto rental property owners, making rentals unaffordable for low-income families, and discouraging new and continued investment in properties that provide affordable housing options in our community.

**CT Property Owners Alliance, LLC, President Bob De Cosmo:**

We oppose this Bill as it creates a new operating expense, and it will be passed through to the renters in Connecticut. Many are low- and moderate-income residents and cannot afford higher rental costs.

**Insurance Association of Connecticut (IAC), President Eric George:**

SB 497 would effectively shift the cost of automobile property taxes unto property and casualty insurance policyholders by imposing an 8.5% surcharge on the revenue realized from all homeowners' and auto insurance policies. Such a cost-shift is inappropriate and would simply have property and casualty insurance policyholders subsidize the cost of automobile property taxes. If the general assembly wishes to enact automobile property tax reform, it should not be on the backs of auto and homeowners' insurance policyholders.

**CT Realtors, General Counsel Jim Heckman:**

At a time when rents are escalating in Connecticut, this is will have serious unintended consequences in making affordability of rentals even more out of reach throughout the state.

**Housing Provider, Paul Januszewski:**

This will add more fees and operating cost onto the housing providers, which ultimately passes onto the tenants because housing is a pass-through commodity. The losers in this bill will be the people who rent housing, those least able to afford increasing housing costs brought on by this legislation.

**Geoffrey Kaplan:**

This legislation will contribute to a problem that the State Housing Committee is actively trying to manage which is rapidly rising market rent prices due to inflated costs. I oppose bill 497 because it will be a lose-lose-lose proposition for tenants, the State of Connecticut, and landlords.

**ER, Regional Manager, Judy Kechejian:**

It appears Landlords are the brunt of these bills lately. You want to limit the amount of rent increases, yet you want to impose more expenses??? You will continue to promote 'slum lords' in this State. Those that manage properties professionally and put money back into the property are now being penalized.

**CT Apartment Association, Steven Lopes:**

This bill would increase rents at a time when rents are already very high. It will have its greatest impact on low to moderate income residents.

**Franklin Communities, Assistant Property Manager Ralph Petruzzelli:**

We must stop trying to put everything on the landlords, stop trying to constantly handout money to people, it's very insulting. I believe the state can come up with a program to help renters who are struggling to pay car taxes on a case-by-case basis.

**Santini Villa Apartments, Owner-Property Manager Kevin Santini:**

At a time when housing affordability and the lack of housing is a top issue in our state, why would we add more living expenses to the renters in our state? Any fee charged to landlords will be passed on to our renters either directly or indirectly.

**CT Coalition of Property Owners, President John Souza:**

All the costs of the new license fees will be passed on to the tenants who are already struggling with rental increases as inflation has soared. The poorest people rarely have expensive cars, so pay minimum in car taxes, but they always pay rents, which will dramatically increase if this passes.

**CT Apartment Association, Lauren Tagliatela:**

Cities and towns rely on the funds collected through motor vehicle taxes. If this passes, towns, housing providers, and renters will suffer. There is another bill, SB-138, that caps rent increases at 2.5%. So, the government wants to eliminate our ability to make a profit and wants to charge us new licensing fees at the same time? This will force landlords to pass down the cost of the licensing fees to the renters, thus making renting an apartment in CT more expensive.

**Property Manager, Todd Thurston:**

Like most landlords and property managers, we are small independent business owners. Passing bill S.B. No. 497 will cause more damage to the small business owners AND rental market in CT. I make small net profits on my rental property and adding burdens , taxes and fees will just cause small owners to sell and reduce rental property options in CT. In addition, this will cause our taxable revenues to go to other states.

**James Zakszewski:**

I am opposed to eliminating the Motor Vehicle property tax since the tax remains an equitable way to raise funding. A higher assessed value (such as on luxury cars) gives the taxpayer a choice over his spending, as he/she can buy a less expensive motor vehicle and pay less tax.

**Jones Street Residential, Portfolio Manager Joanne Aviles:**

I oppose this bill

**Reported by: Robert Mayne**

**Date: March 28, 2023**