



Senate

General Assembly

File No. 180

February Session, 2024

Substitute Senate Bill No. 225

Senate, April 2, 2024

The Committee on Planning and Development reported through SEN. RAHMAN of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING PERSONAL PROPERTY TAX EXEMPTIONS FOR MOTOR VEHICLES USED EXCLUSIVELY FOR FARMING.

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

1 Section 1. Subsection (a) of section 12-91 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective October*
3 *1, 2024, and applicable to assessment years commencing on or after October 1,*
4 *2024*):

5 (a) [~~All~~] Any (1) farm machinery, [~~except~~] including motor vehicles,
6 as defined in section 14-1, to the assessed value of one hundred
7 thousand dollars, [~~any~~] and (2) horse or pony, [~~which~~] that is actually
8 and exclusively used in farming, as defined in section 1-1, when owned
9 and kept in this state by, or when held in trust for, any farmer or group
10 of farmers operating as a unit, a partnership or a corporation, a majority
11 of the stock of which corporation is held by members of a family actively
12 engaged in farm operations, shall be exempt from local property
13 taxation; provided each such farmer, whether operating individually or

14 as one of a group, partnership or corporation, shall qualify for such
 15 exemption in accordance with the standards set forth in subsection (d)
 16 of this section for the assessment year for which such exemption is
 17 sought. Only one such exemption shall be allowed to each such farmer,
 18 group of farmers, partnership or corporation. Subdivision (38) of section
 19 12-81 shall not apply to any person, group, partnership or corporation
 20 receiving the exemption provided for in this subsection.

| | | |
|---|--|----------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>October 1, 2024, and applicable to assessment years commencing on or after October 1, 2024:</i> | 12-91(a) |

Statement of Legislative Commissioners:

In the introductory language, ", and applicable to assessment years commencing on or after October 1, 2024" was added to the effective date for accuracy.

PD *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

| Municipalities | Effect | FY 25 \$ | FY 26 \$ |
|------------------------|----------------------|----------|-----------|
| Various Municipalities | Grand List Reduction | None | See Below |

Explanation

The bill expands a property tax exemption for farm machinery to include motor vehicles as qualifying property. This results in a grand list reduction to various municipalities beginning in FY 26 as more property will be eligible for the exemption.

Qualifying farmers are permitted an exemption of up to \$100,000 of assessed value on qualifying property for each farmer or group of farmers. Based on FY 24 data from the Department of Motor Vehicles, vehicles registered with a farm plate made up approximately \$52.6 million of taxable property.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to how the exemption is applied to these vehicles.

OLR Bill Analysis

SB 225

AN ACT CONCERNING PERSONAL PROPERTY TAX EXEMPTIONS FOR MOTOR VEHICLES USED EXCLUSIVELY FOR FARMING.

SUMMARY

This bill makes motor vehicles qualifying property for the farm machinery property tax exemption. Current law exempts up to \$100,000 of farm machinery for eligible farmers (or a group of farmers operating as a unit, partnership, or corporation) but specifically excludes motor vehicles.

As under existing law, these farmers or groups of farmers may only receive one exemption.

EFFECTIVE DATE: October 1, 2024, and applicable to assessment years beginning on or after that date.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 21 Nay 0 (03/15/2024)