



**Governor Ned Lamont  
State of Connecticut**



FACT SHEET  
2022 Legislative Session

**GOVERNOR'S BILL  
*AN ACT REFORMING MOTOR VEHICLE ASSESSMENT***

Motor vehicle taxes are a burden on residents and a headache for municipalities. To complement his proposal to reduce motor vehicle tax rates, Governor Lamont proposes exempting certain vehicles from taxation altogether and making the annual assessment process more predictable.

**The Problem**

Under Connecticut law, all motor vehicles are subject to property tax. Vehicles registered with the Department of Motor Vehicles are valued and taxed directly as an individual property class. Vehicles that are not registered with the Commissioner, but that are garaged or domiciled in Connecticut, are taxed as personal property and are reported on a Declaration of Personal Property submitted annually to the local assessor.

Currently, motor vehicles are assessed at 70% of retail value based on the National Automobile Dealers Association (NADA) Guide data. A list of vehicles registered with the Department of Motor Vehicles as of October 1<sup>st</sup> is sent to the Assessor annually. A list of vehicles acquired after October 1<sup>st</sup>, but before July 31<sup>st</sup>, is sent to the assessor on a supplemental list.

The current system can result in large surprise bills for residents whose used car went up in value or who appear on a supplemental grand list more than a year after purchasing a vehicle.

It also makes administration of a fair and equitable motor vehicle tax in Connecticut extremely challenging for local assessment staff. In many municipalities, substantial resources are required to properly maintain motor vehicle lists. The time devoted to those endeavors detracts from discovering and listing other taxable assets including updating real estate and personal property accounts to more accurately reflect their value, including in ways that could increase revenues to municipalities.

Motor vehicle tax policy varies nationwide and among our neighboring states. Massachusetts utilizes a uniform excise tax rate based on a percentage of the manufacturer's list price in the year of manufacture (MSRP) that declines with age. Maine utilizes a uniform statewide rate that declines with the vehicle's age.

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## **Governor Lamont's Solution**

Governor Lamont proposes exempting certain vehicles from taxation altogether and replacing Connecticut's current assessment process with an assessment based on vehicle's MSRP and age, also known as a depreciation schedule. His proposal reduces the regressivity of the motor vehicle tax, substantially increases transparency for taxpayers, and significantly increases efficiencies for municipalities.

Specifically, the governor's proposal:

- **Changes the valuation methodology for motor vehicles from average retail value to manufacturer's suggested retail price (MSRP) with a 20-year depreciation schedule**
  - Motor vehicles would be valued using a depreciation schedule that is applied to the MSRP. The motor vehicle will be valued by the assessor only once when it first appears on the Grand List, based on its MSRP, and then depreciated annually.
  - Eliminates market fluctuations that are inherent in the current system as NADA reflects current retail prices. As was evident during the global pandemic, the current system could lead to increases in value.
- **Exempts snowmobiles, all-terrain vehicles, and residential trailers from taxation**
  - Given the minimal assessments for these types of property, the amount of revenue generated is offset by the time and effort it takes to locate and establish values. Spotty reporting also results in significant inequalities. The exemption will not only provide relief and benefit to taxpayers but will also provide significant time savings for assessment staff.
- **Moves commercial vehicles/trailers to the annual declaration of personal property to reach a more equitable and accurate valuation**
  - Commercial vehicles (including non-passenger vehicles, construction equipment and the like) will be moved from the Motor Vehicle Grand List and added to the business's existing Personal Property Declaration. Business owners are already required to file the Declaration annually with the Assessor.
  - Declarations will allow owners to identify the cost of and list any additions to these commercial vehicles and therefore allow assessors to more accurately value the vehicles. Additional revenue may be realized as a result of this increased accuracy all while reinforcing a property tax system that is fair and equitable.
- **Restructures the supplemental motor vehicle grand list from an annual endeavor to a monthly reporting**
  - In the current system, a supplemental motor vehicle bill is generated anywhere from six to 15 months after the vehicle is initial registered. The current practice is problematic for taxpayers as well as for municipal Assessors and Tax Collectors. Monthly supplemental vehicle registration lists from the Department of Motor

Vehicles will allow for the Assessor to list the vehicle timelier, and the Tax Collector to process a bill timelier to the taxpayer.