

**Re: SB 1105** AN ACT ELIMINATING THE PROPERTY TAX ON CERTAIN MOTOR VEHICLES AND ADJUSTING THE UNIFORM PROPERTY ASSESSMENT RATE.

## **MTAC HAS CONCERNS**

Co-Chair Fonfara, Co-Chair Scanlon, Ranking Member Martin, Ranking Member Cheeseman, and members of the Finance, Revenue, and Bonding Committee, thank you for the opportunity to submit this testimony. My name is Joe Sculley, I am the president of the Motor Transport Association of Connecticut (MTAC), which is a statewide trade association representing small business trucking companies.

After some brief review, MTAC members have some concerns with this legislation. This bill would eliminate the property tax on most (but not all) motor vehicles, in exchange for higher taxes on real property. In 2020, this bill was pitched as a way to consolidate administrative burden by eliminating the “nuisance tax” that is the motor vehicle property tax. The idea was that two tax payments would be combined into one, through a higher tax on real property. This would be accomplished by allow the assessment of tax based on 100% of fair market value, rather than the current 70% of fair market value.

Most if not all MTAC members have real property (distribution centers, warehouses, office buildings, garages, maintenance facilities, etc.) as a part of their operations. After some high-level calculations, some MTAC members have determined that the switch to higher real property taxes in exchange for elimination of the motor vehicle property taxes may leave their business with a higher tax burden than they have currently.

Secondly, the way this bill is currently written, it would still allow commercial rental motor vehicles (line 655, line 914) to be taxed, even though the businesses that own them would be paying tax on their real property at 100% FMV. Why wouldn’t the same school of thought (simply combining two taxes into one) apply to them as well? Businesses that own commercial vehicles and rent them out to small business customers would be paying two property taxes, while all other businesses that own and operate commercial motor vehicles would only be paying one. If this bill were to move forward (which, again, concerns about that exist) at a minimum the double taxation of commercial rental vehicles would have to be fixed.

If the intent of the provisions preserving the ability for towns to assess property tax on rental motor vehicles is aimed a rental cars at airports, I respectfully submit that the proposed language must be amended. A few suggestions to accomplish this include:

- Strike “commercial” from line 655
- Strike “commercial” from line 914



- Reference the definition of “rental motor vehicle” in CT General Statutes 14-15b(b) any time “rental motor vehicle” is used in the legislation
  - “Rental motor vehicle” means a private passenger motor vehicle as defined in subsection (e) of section 38a363, which is not the subject of a lease with the option to purchase where the lessee has the right to possession.

Without these amendments (or something like it), the state would be putting businesses with long-standing roots in Connecticut, as well as their Connecticut-based small business rental customers, at a competitive disadvantage.

Thank you for your consideration.

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ABOUT CT TRUCKING INDUSTRY:

**85.8%**: number of Connecticut communities that depend exclusively on trucks to move their goods

**98%**: percent of manufactured tonnage transported by truck in Connecticut

**\$3.4 billion**: total trucking industry wages paid in Connecticut (2018)

**61,590**: trucking industry jobs in Connecticut (2018)

**\$55,777**: average annual salary in Connecticut (2018)

**\$9,026**: average annual CT-imposed highway user fees paid by tractor trailers (as of 1/1/2020)

**\$8,906**: average annual fed-imposed highway user fees paid by tractor trailers (as of 1/1/2020)