

Legislative History for Connecticut Act

HB308 (PA24) SCAN 1935
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Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate
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JOINT
STANDING
COMMITTEE
HEARINGS

FINANCE

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1935

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FINANCE COMMITTEE

HEARING

Thursday, April 11, 1935

Clerk - Mr. Baldwin, presiding,
 Present - Senator Tracy, Senate Chairman,
 Senators Barney and Culhane,
 House Chairman - Mr. Mitchell,
 Miss Nichols, Messrs. Goodman, Bradley,
 Allen, Avery, Lown, Spencer, Amidon,
 Casey, Huntington, and Bender.

House Bill No. 308 - An Act Concerning a Special Property Tax on
 (Mr. Goodman) Registered Motor Vehicles and Exempting such
 Vehicles from Local Property Taxation.

Mr. Wm. F. Connelly,
 Bridgeport,

The Special Tax Commission has spent some considerable time in thinking of a simplification of the administration of the property tax. This is one of the items which the Commission felt could be administered better, more economically and more efficiently by the Commissioner of Motor Vehicles than by the local assessors, and collectors. Therefore on the basis of the recommendations and the report of the Special Commission this substitute for House Bill No. 308 is submitted. It provides for more complete, more economical and more equitable assessment and collection of taxes on motor vehicles by transferring the administration to the Motor Vehicle Department.

I might present briefly the present situation upon which the recommendations were predicated. It is not the purpose of the Commission to urge the adoption of any of these bills but simply to present them as the bills that have been based upon their conclusions.

At the present time under Section 1636 of the General Statutes the Motor Vehicles Commissioner is obliged to send to the assessors of the towns a list of the motor vehicles in the state for the assessment of the tax. The Motor Vehicles Commissioner makes these lists from the time that the motor vehicle owners register their cars and trucks and he is required to send the name and address and the type and style, engine number, etc., to each of these towns. That in itself is considerable work

but that is only the starting point of a very cumbersome system of assessment and collection. The assessors are obliged to follow up these various items of motor vehicles, to check with the department relative to the change of address, relative to changes in the ownership of the cars, relative to various changes made in the cars themselves up to the time of the assessment date in the particular towns. The assessors then are obliged to place the value upon these motor vehicles and you can appreciate that that valuation must be done in an empirical manner if done at all. Consequently the assessors use some schedules of values for valuation. It becomes automatic from the standpoint of values. Now the collector after these names are put upon the lists and the values established must find the motor vehicle owner and of course that is a very difficult job in many instances. The number of these motor vehicles produces quite a problem for the collection of these taxes in the various towns. This is a type of property which is movable and they have a very difficult time following that property and that is one of the causes for delinquency as it prevails in the state of Connecticut.

The difficulty involves first the filing and assessment by this cumbersome method, the possibility of evasion through the evidence of assessment by registering in other towns than the towns of their residence, by evasion of the tax by running the cars from the state after the assessment date and several other delinquencies difficulties that are known only too well by the assessors and collectors themselves. The whole process is very cumbersome and uneconomical and costly to the towns of the state. The proposal, therefore, was to place the administration of this tax in the office where all the information necessary to the assessment and collection is now situated.

In making these recommendations upon which the bill was placed the Commission has thought of a number of these different plans that have been imposed at one time or another such as the payment of the fee at the time of registration, such as the imposition of the requirement to pay the tax before the license is obtained and several other plans. The Commission has thought of all of those and has considered them. There are advantages to some and also disadvantages.

The bill as it has been presented seemed to the Commission as perhaps the best solution possible all things considered. There may be disadvantages to this bill. There probably are. We know of them but we believe the disadvantages are slight compared to the advantages. The assessors and collectors have considered this matter and have talked to me about it. The assessors and collectors have proposed certain amendments to this bill and while the Commission is not sitting at the present time, I as Chairman of the Sub-committee on this bill, can see no objections to these amendments.

Sen. Tracy

Rep. Williams,
Woodstock

In a study of these bills that are before us I come to the conclusion that most of the members of this commission probably come from large places and are unacquainted with the rural sections of our state. I am one of the assessors in Woodstock. Our tax rate this year in Woodstock is 36 mills. This uniform rate of 20 mills suggested would make us lose 16 mills on our motor vehicles besides or \$1621. Then on this Bill No. 93 eliminating the personal tax and also the state and military taxes, our town would lose \$500 on that. The commission advocates the eliminating of the personal property tax under the head of jewelry, etc., and I should like to state that in our town the \$500 exemption takes care of the majority of the citizens but there are a number of people there of wealth and from that source we would lose \$1029. That makes a total of \$3,167 or about 1/15th of our total tax that we would lose from these three bills. As I understand it the idea of this commission was to ease the burden on property. Instead of that we would lose \$3100.

I am very much opposed to the uniform rate although I am very agreeable to having the motor vehicle department collect the tax.

Mr. Jos. A. McCarthy,
Assessor - Stamford

The Assessors' Assn., and the Tax Collectors' Assn. have given this bill consideration and after going over it quite thoroughly offer certain amendments.

In the original bill it was proposed that all automobiles regardless of whether commercial or pleasure vehicles would be assessed using as a basis the lowest price. The fact that the chassis price was listed was overlooked. Section 1, Page 156 is amended to read "equipped for operation, etc." We offer a few other recommendations to clarify the act.

A further recommendation of this legislative committee of the Assessors' Assn., is that the higher schedule of values be adopted so that in the event they are driven to it they can be readily reduced at a future session of the legislature. In every town the assessors have considerable difficulty in administering this assessment on motor vehicles and the collector has a great deal of difficulty in collecting it. There is a great deal of evasion and under this uniform method as presented it would eliminate any evasion. It would be fair to everyone in the state.

The gentleman who spoke pointed out that his town would lose certain money but I believe if the tax were collected practically 100% as is assured under this bill they would not lose as much as appears on the surface. As a matter of fact they would gain.

The Motor Vehicle Commissioner opposed this but I understand now that he is in a rather favorable mood to accept the provisions of this act and if so I believe it is a great forward step toward uniformity of collection.

Due to these items being taken away from the local grand lists this may affect the borrowing capacity. I further recommend that this House Bill No. 308 be amended to take care of the moneys collected and prorated to the towns to be added to the borrowing capacity of the various municipalities or if the basis of borrowing is not changed the amount of assessment as determined by the Motor Vehicles Commissioner should be returned to the towns who have now reached their bonding limit.

F. Berry,
Sun. Co.

We do not object to the bill but as it is drawn now does it include the transportation companies that pay 3% of the gross receipts in lieu of the property tax? If it does we object to it.

T. McCarthy

The amendments take care of that item.

Rivkin,
Haven

I rather like ^x Senate Bill No. 557. ^(Senator Gebhardt) I think this is an excellent bill but I think either one is all right. As it is now we are losing \$50 or \$75,000 a year which will be saved.
x in Act concerning the Local Taxation of Motor Vehicles

Between the two bills I prefer No. 557 but either one ought to be passed. I also favor a tax rate as provided for in this bill.

Gebhardt,

There are 300,000 cars in the state of Connecticut.

This bill differs somewhat from the one submitted by the Special Tax Commission in the event that the tax rate will be as in effect in the individual towns. This bill also provides for a standard method of assessing automobiles. I have no objections to the Commission bill as long as we can put some legislation in force so that the various towns can collect these taxes.

Potter

I have been coming up here for some months and have been perfectly amazed at the problems and the headaches which your committee is having this year. You have such a whale of a problem on your hands that there is very great likelihood that one bill might be lost in the scuffle. I do hope that your committee will not lose sight of this motor vehicle bill. The Tax Commissioner feels that any action which you take will be a step forward. At the present time we have about the worst possible system of local taxation that we can have. At the present time we are taxing something over 300,000 motor vehicles each year. That number has increased about 66-2/3%.

in the past ten years. In the same period the total valuation has been going down so that for the current year the total assessed valuation is something like \$66,000,000. That is considerably less than it was in 1925. You finally have the problem of increasing administration for decreasing returns. This current year the average assessment was \$200. Ten years ago it was \$400, a reduction of 50% in ten years. Ten years ago the average tax per car was \$10. At the present time the average tax per car is something less than \$5. As Mr. Connelly has so eloquently pointed out when you take 300,000 motor vehicles in all shapes and conditions - property of the most fluid character - and insist that all of that property shall be taxed locally you have got your problems on your hands. The assessors have got to wade through this mess of cars. Just last year the Chairman of the Board of Assessors of New Haven came to the Tax Commissioner with a large file of lists. He said that "each list represents a car that we cannot find. There is no such person in the community and what shall we do with them." That some assessors do is to pass the buck to the collector. They put all these cars in the list whether they can find them or not. This particular board refuses to do that and they asked the tax commissioner what ought to be done. He suggested that this man go to the Motor Vehicle Dept. and look up the last address. When that was done it was found that the cars came from all points in the state. They sent out these lists to the assessors in something like 30 or 40 towns to be assessed in those towns.

There is the very pident diversion of assessment of cars at the present time. The lowest assessment was \$75. The highest assessment was \$325. The average was not quite \$200.

The expense tax books of the state are now cluttered up with hundreds and thousands of these small taxes where the persons have lived in the community and have then gone to parts unknown. The tax collector is pestered to death to know what to do with them.

The object of Senate Bill 557 was simply to present an alternative to the Special Tax bill. It was versed in a way that it was in order to call to the attention of the committee very sharply two different schools of philosophy on this subject.

The chief objection to Senate Bill 557 which has been raised in the past is that it would be necessary for the owner of the car to pay two taxes at the same time. He would have to pay his local tax and the state tax. It may be said, however, that the person who pays his car tax in January will have that much less to pay in the summer when he comes to pay his regular tax. The other school of philosophy which is typified in the Special Tax Commission bill is to have the state handle the entire problem and to have the local governments only come into the picture when they get the money. The plan in New Hampshire is very similar to Senate Bill No. 557 where you pay your local tax as a permit to register your car with the state. Now the tax commissioner has gone to some trouble to check up with the

operators of that tax in New Hampshire and the entire administration of that state insist that the results of the New Hampshire plan have been most happy and very satisfactory. In fact they say that it has been so satisfactory that two years ago they insisted that the poll tax of \$2 should be paid at the same time. Evidently in New Hampshire this argument that it is not fair to pay all taxes at once has no very strong force.

I wish to state in closing that the time has apparently come for something to be done in this problem. It takes up over 2-1/2% of the grand list - something less than 2-1/2% of the total tax burden of the state and in some cases takes up 50 to 60 and more percent of the time of the local assessing and collecting fellows.

At the present time the assessors and boards of relief and collectors of the state had two organizations. One of assessors and boards of relief and the other of tax collectors. Each session these two organizations have gone forward in favor of some concrete proposal such as this of the Special Tax Commission bill amended as Mr. McCarthy pointed out. I do hope that your committee will do something. It is entirely unimportant what you do so long as you do something. Any plan whatsoever is preferable to what is going on at the present time.

Rivkin
Haven

I suggest that in some of these paragraphs that the word "shall" be used instead of "may". "May" leaves the thing open so that the tax collector may deem it fair to issue to one and not to others.

I also want to call your attention to another provision. A man comes in for a permit and he also has back taxes. I can call your attention to any number of these men that may come in and ask for a permit for registration. Where formerly he was forced to pay now he cannot pay. At one time he had two, three, four or five cars and now only one and he cannot pay the back taxes. There ought to be some provision for that. I think there ought to be some provision where such people may be able to get their permits and keep on paying the back taxes.

ber -
or Club,
Haven
t

I want to go on record for the club in favor of Bill No. 308. We have discussed this bill and feel that that would meet the need of the collector of taxes today and in regard to Bill No. 557 we are opposed to that bill for the same reason as the gentlemen who just spoke where a man might be in arrears on his taxes and uses the automobile in his business yet be unable to register it because he has back taxes unpaid.

ollector,
letown

Speaking for the Tax Collectors' Assn., we are in favor of House Bill No. 308, and of the other bill if it meets with favor. This will certainly relieve the burden on our property taxes.

Thompson,
lector
st Hartford

We have felt for some years the matter should be taken away from the local collectors. There are so many removals that it is impossible to collect anything like 100%. We are 100% in favor of House Bill 308.

Dutton,
Hobbs

What provisions are there for the return of the money to the different municipalities after it is collected by the motor vehicle commissioner? Is it to be returned at certain periods or at one time?

Potter

Both these bills take care of that. The return is made quarterly under the Commission bill and in the case of Senate Bill No. 557 the return is made once each year.

Assessor,
Hartford

In favor of No. 308.

Hull,

In favor of the bill.

W. Cosgrove
Assessor, Hartford

We have 26,000 automobiles on our present grand list and the assessed value is approximately 7 million dollars. The assessors would be glad to get rid of that work but the city is another side also. The tax now is 27 mills.

If you adopt the new schedule of 20 it would mean a loss of \$50,000 to the city. Where are we going to get that \$50,000 if the aim and purpose was to relieve real estate? You are not relieving real estate. You have to find some other way of getting that money. What assurance can you or I give anybody that we are going to have a more efficient collection by a group of men set up by the motor vehicle commissioner, who will take the place of the collector in the towns who know their people and know what they can do?

There is still another thing and that is the feeling that is common throughout the state that if the state continues to take over this, that and the other thing where is the stopping place?

W. L. Pierce,
Automotive

We are opposed to both bills in principle. This same matter has been discussed before three previous legislatures and has been turned down. There is no public demand for any such legislation. The only call for it comes from our own servants and agents who are supposed to be working for us collecting this tax. We are told that there are 30,000 unpaid against 400,000 motor vehicles in the state. That is not a large or significant number of unpaid tax vehicles in proportion to real estate. I should say that the collection had been high.

The tax collector has the right to issue a warrant even though the car cannot be attached. You may attach the body of a man who owes this tax. If they get after the subject they can collect that tax. If there are 5% tax delinquents in this state is that any reason that the other 95% should be harassed by a system of this sort?

Take this bill '557 - it means you pay your tax before you can register your car. There were 258,000 cars licensed on the highways of Connecticut and on December 31 and yet up to the middle of February there were 104,000 that had not gone back on the highways for the simple reason that our people could not raise the license fee and now you say that they have to pay the tax. In New Hampshire the fee

and insurance do not equal what we pay here for license fee.

A man has to have just that much more money before he can have the delivery of a car. You are going to present a very serious sales resistance which the dealers do not want.

I would make a suggestion - where there are 5% of tax dodgers set a law up so that the tax collector may notify the commissioner of the ones that have not paid and you can accomplish something without harassing the other 95%. If you check the motor vehicle department records you will find duplications - cars registered for a day or two merely for the purpose of setting quotas - many of them that do not represent tax value of property owned. This is a tax collectors' problem which they should work out and handle for themselves. In trying to devise a better scheme I do not see how they can do any better until they can do something about the real estate tax.

Vice-Pres.,
New Haven County
Dealers' Assn.

There is very little vitality left in the automobile business. There is no commodity sold that is taxed as high, or is the source of indirect tax than the automobile. We start out with federal taxes and then in some states, and we may have it here, a sales tax. We are opposed to this bill. The volume of buying is in the low-priced field. The license fees more than the down payment. If you choke the automobile business off you are going to stop all of this revenue.

We are bitterly opposed to both of these bills.

Rep.
Eastford
W. S. Warren

I am opposed to House Bill 308 as it would make a reduction in revenue. I am not opposed to any method which uses the local rate of taxation. We have a 26 mill rate and that is the lowest in several years.

Matrix Motors,
New Haven

Last year we delivered about 35 trucks and 15 of those trucks were registered out of the state. I am afraid that if you pass this bill the people will register their cars in other states.

Executive Session

of the

FINANCE COMMITTEE

Tuesday, May 21, 1938.

✓ Committee Bill - An Act Authorizing the Borough of Wallingford to
House Bill No. 1302 Issue Refunding Bonds.

Motion made and seconded that this bill be reported favorably.

✓ Committee Bill - An Act Authorizing the Town of Windham to issue
House Bill No. 1305 Refunding Bonds.

Motion made and seconded that this bill be reported favorably.

✓ Committee Bill - An Act Discharging the Special Committee appointed to
House Bill No. 1303 Administer the "Relief Fund" of the City of Bridgeport.

Motion made and seconded that this bill be reported favorably.

✓ Committee Bill - An Act Validating the Collections of Interest and
House Bill No. 1304 Penalties on Taxes on Personal Property and Real Estate.

Motion made and seconded that this bill be reported favorably.

✓ Sub. House Bill No. 308 - An Act Concerning the Collection of Personal
(Mr. Goodman) Property Taxes on Motor Vehicles.

Motion made and seconded that this bill be reported favorably.

✓ Committee Bill - An Act Concerning Tax Due Dates.
Senate Bill No. 725

Motion made and seconded that this bill be reported favorably.

✓ Sub. House Bill No. 213 - An Act Concerning Uniformity in the Fiscal
(Mr. Goodman) Years of Municipalities of the State and
Making the First Installment of Taxes Due
At the Beginning of the Fiscal Year.

Motion made and seconded that this bill be reported favorably
with the following amendment:

"This act shall take effect from its passage."