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Daily Tax Report ®
Oct. 4, 2023, 5:00 AM EDT

Everyone Hates Connecticut's Car Tax, But Change Remains Elusive

By Danielle Muoio Dunn and Andrew Wallender

Interactive Story

- Vehicle property taxes are higher in lower-income areas
- A task force will study repealing the car tax

Nelida Travaglini's 2011 Honda Accord has racked up more than 130,000 miles and has only required more maintenance with age. But according to the state of Connecticut, it's getting more valuable.

If she lived in Greenwich, one of the richest communities in the US, her bill would be \$83, according to a data analysis by Bloomberg Tax. In Hartford, where she lives, it's \$243. And she has two other aging cars to pay taxes on, including the 2003 Accord her husband, Robert, left her when he died in 2020.

Travaglini, 60, a breastfeeding peer counselor, said she has "no choice" but to accrue late fees with her taxes up and income reduced. "It's like, do you pay your taxes or do you prioritize and pay what you need on a daily basis, like electricity, gas, water," Travaglini said.

Just about everyone hates car taxes. In 1997, Republican Jim Gilmore won his race for Virginia governor on his pledge to repeal the car tax. Arnold Schwarzenegger campaigned on lowering the vehicle license fee in winning California's 2003 recall election of Gov. Gray Davis (D).

Connecticut is expected this month to convene a task force to study the feasibility of repealing its car tax and replacing the lost revenue. But if history is any indication, odds are slim that the tax will go anywhere anytime soon. As Gilmore and Schwarzenegger discovered, almost every state that's tried to get rid of its car tax has seen that blow massive holes in budgets, forcing lawmakers to at least temporarily revive them.

Connecticut's car tax is responsible for nearly \$1 billion in revenue for cities and towns, according to the Connecticut Association of Assessing Officers. Any change or repeal jeopardizes municipalities' ability to fund services from school funding to road repairs.

"Motor vehicle taxes have been, as long as I've been assessor, a form of contention, and there's always a bill to remove the car tax," said Shawna Baron, a former president of the association and the current chairwoman of its motor vehicle committee. She has been in the assessing field since 1997.

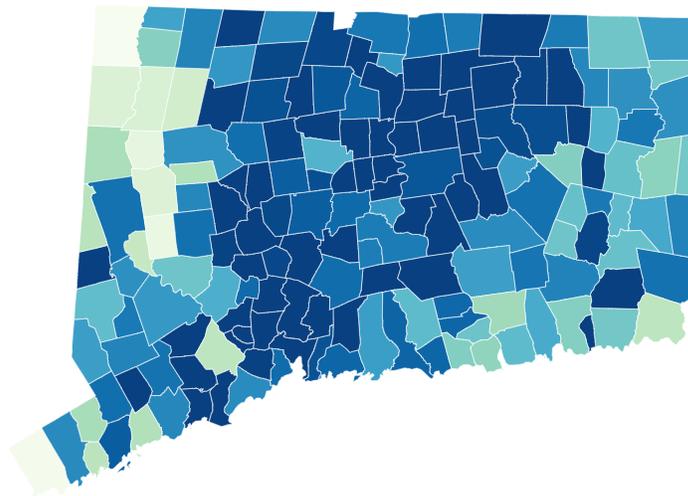
Recent changes to lessen the tax discrepancies between towns have helped ease the financial burden for many car owners, but failed to go as far as many had hoped. Connecticut already delayed a separate reform meant to avoid the dramatic increases in vehicle assessments that were seen at the height of the Covid-19 pandemic, leaving its fate uncertain heading into next year's legislative session.

Connecticut's Vehicle Taxes Vary by Location

Motor vehicle taxes are determined by taking 70% of a car's value and multiplying it with a town's tax rate, which is expressed in mills, or thousandths of a dollar.

Use the map or search bar to explore vehicle taxes by town.

Tax Per \$1,000 of Assessed Value \$11.00  \$32.46



Sources: [Connecticut Office of Policy and Management](#), [U.S. Census Bureau](#) • Note: FY 2024 vehicle mill rates are shown. A mill equals \$1 of tax for each \$1,000 of a property's assessed value. Vehicles are taxed at 70% of their average retail value using J.D. Power value guides.

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Tax Discrepancies Breed Resentment

Connecticut's car tax is especially hated because it isn't applied consistently. It favors areas with high housing values, long drawing complaints over its regressive nature. It also varies widely by locality—a function of Connecticut's reliance on town governance, which allows the state's 169 municipalities to set their own tax rates.

Bills are computed by multiplying a town's mill rate by 70% of the vehicle's average retail value. The mill rate amounts to one-thousandth of a dollar and represents the value of a locality's taxable property.

Towns with high property values have an easier time raising revenue for services, allowing wealthy areas to keep their mill rates low. That means Greenwich, which has a median household income of \$127,123, has a mill rate of 11.39. Hartford, where the median household income is \$37,477, has a mill rate of 32.46, the maximum allowed under tax cuts that Gov. Ned Lamont (D) got passed in 2022. Mill rates can also run higher in areas with more tax-exempt properties such as non-profit hospitals.

"You know, people who are working minimum wages, they're paying more car tax than people making a half-million-dollars in Greenwich," said state Sen. MD Rahman (D), who sponsored the bill creating the task force to repeal the motor vehicle tax.

The vehicle's retail value is determined using guides from J.D. Power, a Michigan-based consumer intelligence company. Assessors will ultimately determine a vehicle's value in instances where J.D. Power doesn't provide the data. When supply chain issues increased the cost of new and used cars during the pandemic, many saw the retail value of their vehicle increase, resulting in higher tax bills. The gross assessment of Travaglini's 2011 Accord went from \$6,140 in 2019 to \$7,510 in 2022, a 20% increase.

Retail values have since stabilized, but they're not falling just yet, according to the Connecticut assessors' group, which is evaluating J.D. Power's most recent value guides published earlier this week.

Budget Woes Follow Repeals

At least a dozen states impose an annual property tax on vehicles, though some refer to it as an excise tax or fee, according to an August [report](#) by Connecticut's Office of Legislative Research. Most of those states set a uniform statewide tax rate that avoids wide fluctuations Connecticut towns are subject to. Kentucky is one exception, allowing local governments to set their own rate in addition to the statewide one, as long as they're below a statewide cap. Some states, such as Kansas, have tax rates that vary by county.

Rhode Island eliminated its motor vehicle tax last year, using a \$600 million budget surplus to accelerate what had been a planned five-year phase out. The state had employed a similar tax structure to Connecticut, with officials also fielding complaints from residents about the wide variations between different municipalities.

Such cuts are harder to stomach on rainy days, as Virginia and California learned.



Arnold Schwarzenegger signs an executive order to repeal the California car tax as his first order of business after his inaugural as governor in 2003.

(Photo by Lucy Nicholson-Pool/Getty Images)

After Gilmore won Virginia's governorship on his "no car tax" slogan, lawmakers ultimately passed a phase-out over five years, agreeing to reimburse municipalities for the lost revenue. Initially expected to cost the state \$620 million, it ultimately ballooned to twice that amount, according to the Tax Foundation, a Washington D.C. think tank. Confronted with rising costs, Gilmore's successor, Democrat Mark Warner, struck a deal with the legislature to cap the reimbursement to municipalities at \$950 million a year. The tax still exists.

Taking a page out of Gilmore's book, Schwarzenegger ran a successful campaign on eliminating a planned tripling of California's vehicle license fee, which Davis' administration had approved to close a \$38 billion budget deficit. Schwarzenegger made good on his promise shortly after inauguration, but in 2009, confronted with a \$41 billion deficit in the wake of the Great Recession, Schwarzenegger had to double the fee and raise personal income taxes.

The increase was only temporary, but the wider effects of Schwarzenegger's move can still be felt because the state is on the hook to reimburse municipalities for the lost revenue. In 2003, Schwarzenegger's rollback was estimated to cost \$4 billion annually. If the fee were raised to 2% of a vehicle's value, as the Davis administration had planned, it would generate about \$7 billion annually, according to Tim Gage, Davis' former director of finance.

How Connecticut's Variable Car Tax Affects Owners

Towns establish vehicle tax rates in Connecticut. A tax bill could vary by nearly \$1,000 depending on the location.

Browse the table or use the search bar to explore vehicle taxes by town.

Town
Salisbury

Vehicle Mill Rate
11.00

Estimated Tax on 2011 Honda Accord
\$80.63

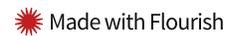
Estimated Tax on 2018 Toyota Rav4
\$231.00

Estimated Tax on 2019 Ford F150
\$299.97

Estimated Tax on 2020 Tesla Model Y
\$484.00

Town
Greenwich

Vehicle Mill Rate
11.39



An Ongoing Saga

Lamont created a working group shortly after entering office in 2019 to assess municipal and regional efficiencies and opportunities, which kickstarted a separate focus group on motor vehicles, said Martin Heft, undersecretary of intergovernmental policy and planning in Connecticut's Office of Policy and Management.

Task force members recommended setting a statewide mill rate of 30, said Baron, the former assessors' group president who was part of the working group. The suggestion was never adopted amid backlash from wealthier areas with lower mill rates, which would see their motor vehicle tax bills go up. Instead, the state capped the mill rate.

"So that has helped, but there is still a discrepancy between a low mill rate town and a high mill rate town," Baron said.

Lamont also proposed a switch in valuation information from J.D. Power to the manufacturers' suggested retail prices for used cars. The switch would create a gradual depreciation schedule and help avoid the price surges many experienced in the pandemic when all cars were valued at a premium. Other states, such as Maine and Nebraska, use a car's MSRP to assess its annual tax rate.

Connecticut approved the switch to MSRP in the 2022 state budget, but implementation was delayed to late 2024 amid concerns from some lawmakers that it may not be a panacea for all taxpayers. It could face more pushback once lawmakers reconvene for next year's legislative session.

In the meantime, some lawmakers are chasing a full elimination of the tax. One option the task force will look at is replacing it with an 8% annual tax on insurance companies' premium revenue.

True to form, skepticism remains.

"So it's like, okay, I may not be paying a car tax, but now I'm paying it on this side over here," Heft said.

Travaglini, who has lived in Hartford most of her life since emigrating from Puerto Rico in 1969, said she has little faith that things will change anytime soon.

"Somewhere we have to foot the bill for, you know, the city wear and tear, and it doesn't matter how many politicians have a good intention," Travaglini said. "I don't think it's ever going to happen."

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