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Personal Motor Vehicle Property Tax Assessments and Rates

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Issue

Provide an overview of the role of the state and municipalities in determining the assessed values and tax rates for personal (non-commercial) motor vehicles and the appeal process.

This report updates OLR Report 2023-R-0179.

Summary

All municipalities must use the same method, which is prescribed in statute, to determine the value of personal motor vehicles for property tax purposes. Previously, the law required the Office of Policy and Management (OPM) to select the method. Beginning with the 2024 assessment year, vehicles are instead generally valued using their manufacturer's suggested retail price (MSRP), reduced according to the age of the vehicle. By law, motor vehicles are assessed at (i.e. taxed on) 70% of this value. Municipalities and special taxing districts set their own tax rates but cannot set them higher than a statutory cap (currently 32.46 mills). The law specifies that taxpayers may appeal the MSRP used to value their vehicles.

Assessments

By law, a motor vehicle's assessed value is 70% of the value of a vehicle, determined by the municipal assessor using a statutorily specified method (CGS § 12-62a).

Prior Valuation Method

Previously, municipal assessors had to use the OPM-selected schedule of values that were based on 100% of each vehicle's average retail price (CGS § 12-71d(a)). OPM generally selected the appraisal guide that the National Automobile Dealers Association (NADA) annually compiles. According to NADA, it bases values on actual auction, retail, and asking price data, as well as other factors. NADA's listed price for a particular vehicle (including used vehicles) could increase from one year to the next, correspondingly resulting in increased assessments of taxpayers' motor vehicles. For unlisted vehicles (e.g., older or modified vehicles), the assessors determined their values.

Current Valuation Method

Beginning October 1, 2024, assessors must value motor vehicles using their MSRP, sometimes referred to as part of the "sticker price." For vehicles whose MSRP cannot be determined, the assessor must determine the vehicle's value in consultation with the Connecticut Association of Assessing Officials.

A vehicle's MSRP is set once and then that value is reduced according to a set depreciation schedule, with vehicles that are 20 years or older being valued at at least $500. Under the law, $500 is the minimum assessed value (CGS §§ 12-71d & 12-63(b)(7)). Used vehicles' taxable values generally will not increase from one year to the next under this approach.

Default Depreciation Schedule. The law sets a default depreciation schedule (shown in Table 1 below). However, as described below, municipalities also have the option to adopt an alternative depreciation schedule.

Table 1: Default Depreciation Schedule

Vehicle Age (in years)	% of MSRP	Vehicle Age (in years)	% of MSRP
Up to 1	85	9	45
2	80	10	40
3	75	11	35
4	70	12	30
5	65	13	25
6	60	14	20
7	55	15-19	15
8	50	20+	≥ $500

Alternative Depreciation Schedule. The law authorizes municipalities to adopt an alternative depreciation schedule. As shown in Table 2 below, the alternative depreciation schedule increases, by five percentage points above the percentages set in the default schedule, the taxable portion of a vehicle's MSRP that is subject to property tax.

Table 2: Alternative Depreciation Schedule

Vehicle Age (in years)	% of MSRP	Vehicle Age (in years)	% of MSRP
Up to 1	90	9	50
2	85	10	45
3	80	11	40
4	75	12	35
5	70	13	30
6	65	14	25
7	60	15-19	20
8	55	20+	≥ $500

To adopt the modified schedule, the municipality's legislative body (or board of selectmen where the body is a town meeting) must vote in favor of it. The municipality must then provide certain notice to OPM (CGS § 12-63(b)(7), as amended by PA 25-2, §§ 2 & 3).

Motor Vehicle Tax Rates

Motor vehicle tax rates (expressed as "mill rates") vary by municipality. Taxing districts may also impose an additional tax rate. Motor vehicles may be taxed at a different mill rate than real property and other non-vehicular personal property (CGS § 12-71e(b)).

Municipalities and taxing districts set their own tax rates but the combined rates may not exceed the cap set in statute, currently 32.46 mills. OPM's webpage lists the motor vehicle mill rates in each municipality and taxing district.

Mill Rates

A mill is equal to $1 of tax for each $1,000 of assessment. To calculate the taxes owed, multiply the vehicle's assessed value by the mill rate and divide by 1,000. For example, a vehicle assessed at $25,000 in a municipality with a rate of 20 mills would have a property tax bill of $500.

Source: OPM

Special Situations

Antique Vehicles

To qualify as an antique vehicle, a vehicle must be (1) at least 20 years old, (2) preserved because of historical interest, and (3) unaltered from the original manufacturer's specifications. State law caps the assessed value of qualifying antique vehicles at $500 (CGS §§ 12-71(b) & 14-1(3)). This cap, read together with the minimum assessed value ($500) described above, means antique vehicles must be assessed at $500 exactly. OLR Report 2023-R-0127 provides additional information on this law and its history.

Inoperable or Unregistered Motor Vehicles

Beginning with the 2024 assessment year, unregistered motor vehicles and motor vehicles that are incapable of being used must be valued in the same way as other motor vehicles (CGS § 12-71(f)(2)). Previously, some municipalities valued these vehicles in the same way they valued other types of personal property (which is valued using methods different than those used for motor vehicles).

Appeals

Generally, the law authorizes taxpayers to appeal any assessment of their personal property that does not accurately reflect the property's present true and actual value. For motor vehicles, the law specifies that taxpayers may appeal the MSRP determination used (CGS § 12-71b(g)(2), see also CGS §§ 12-63(b)(13) & 12-71d(b)).

Taxpayers may appeal the MSRP at the board of assessment appeals meeting next held after the bill's due date (CGS § 12-71b(g)(2)). By law, boards of assessment appeals must hold meetings to hear appeals in March and September unless they are granted an extension (CGS § 12-110). At March meetings, the board may consider appeals for any property type. Taxpayers must file their appeals with the town by February 20 to have their appeal heard at the March meeting (specific directions to file an appeal are generally found on the municipality's website) (CGS § 12-111(a)(1)).

The September meetings must be solely to hear motor vehicle appeals. At these meetings, the board may only hear appeals referred to it at a September meeting (or filed by February 20, as described above) (CGS §§ 12-110(a) & 12-112). In practice what this means is, many towns operate on a first-come first-served basis where taxpayers show up on the scheduled day (which the town must post notice of, including in the newspaper, at least 10 days in advance).

Taxpayers who are aggrieved by the board's decision may appeal to Superior Court, but must do so within two months after the board mails notice of its decision (CGS § 12-117a).

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