



Office of Policy and Management
Intergovernmental Policy Division



GUIDELINES

New Commercial Motor Vehicle Exemption Program

as provided in Connecticut General Statutes §12-81(74)

Effective for the October 1, 2009 Grand List

Connecticut General Statutes §12-81(74) allows a five-year, 100% property tax exemption for eligible new commercial motor vehicles. Effective on the October 2000 List, the exemption is available to two “classes” of vehicle distinguished by their gross vehicle weight (GVW) rating, acquisition dates, and use. The original exemption, described in clause (i), is available to vehicles that were first registered in Connecticut (but not registered before, anywhere), on or after August 1, 2004, used exclusively to transport freight for hire and have a gross vehicle weight rating in excess of 26,000 pounds. The original vehicle exemption imposed qualification criteria contained in the US DOT Code based on the vehicle’s use or the material transported by the vehicle. The second classification, as described in clause (ii), is for new vehicles, first registered in Connecticut on or after August 1, 2004, with a gross vehicle weight rating in excess of 55,000 pounds and which do not qualify for exemption under the criteria for the clause (i) exemption (with US DOT Code limitations).

The State of Connecticut reimburses each municipality as a result of this exemption. In accordance with §12-94b, the Assessor of each municipality is required to certify the amount of exemption granted to the Office of Policy and Management, not later than the March fifteenth first following the assessment date on which the exemption was granted. The Form M-65MVa, *Assessors Certification of Assessed Value of Exemption*, for the 2009 Grand List is required to be filed on or before March 15, 2010. The State of Connecticut will remit reimbursement calculated on such claims to municipalities not later than December 31, 2010. Payment is included with the reimbursement for new manufacturing machinery and equipment.

Connecticut General Statutes §12-94b, grants the Office of Policy and Management until December 1, 2011 to audit 2009 Grand List claims. If an audit modification to the amount requested for the 2009 assessment year is made *after* the December 2010 payment, notice will be sent by December 1, 2011. Any adjustment(s) to the amount due cited in said notification will be reflected in the December 2011 payment.

Section 12-94c sets forth the method by which vehicles eligible for this exemption are to be valued for assessment purposes. The value of such vehicles (against which the 70% assessment ratio will be applied) is its depreciated cost of acquisition*. The following depreciation schedule must be used to establish the value of the exempt motor vehicle(s):

Assessment Year Following Registration	Depreciated Value as Percentage of Cost of Acquisition*
1 st year	90%
2 nd year	80%
3 rd year	70%
4 th year	60%
5 th year	50%

*“Cost of acquisition” is the cost of acquisition, including the cost of modification. Trucks over 26,000 pounds GVW are exempt from Connecticut state sales tax, however, they may be subject to Federal Excise Tax (“Heavy Vehicle Use Tax”) and the amount of that tax should be included in the cost.

*Please note that the value of property eligible for this exemption as determined above will not necessarily be the vehicle’s average retail value. However, after the last assessment year in which the motor vehicle has enjoyed exempt status, it becomes fully taxable at 70% of its *average retail value*. Fair Market Value is determined by the Assessor under the provisions of CGS § 12-71d.

THE FOLLOWING INFORMATION IS INTENDED TO CLARIFY THE REQUIREMENTS AND PROCEDURES RELATIVE TO THE EXEMPTION FOR CERTAIN COMMERCIAL MOTOR VEHICLES PROVIDED IN CGS §12-81(74)

Information Pertinent to the Vehicle or Applicant

1. **Are there any new requirements/amendments to the 2009 List M-65MV exemption?**
No.
2. **What criteria must be satisfied in order to receive the exemption for new commercial motor vehicles provided in §12-81(74)?**

To qualify for the exemption for vehicles used to “transport freight for hire” (CGS §12-81(74) (A) (i), the following conditions must be met:

- 1) Be new, meaning the vehicle’s equitable or legal title has never been transferred by a manufacturer, distributor or dealer to anyone other than the owner/registrant making application for this exemption;
- 2) Be used exclusively for the interstate or intrastate transportation of freight for hire; subject to the jurisdiction of the US Department of Transportation pursuant to Chapter 135 of Title 49, of the US Code or any successor thereto, or would be subject to said jurisdiction except that the vehicle is used exclusively for commerce within the State of Connecticut,
- 3) Have a gross vehicle weight (GVW) rating in excess of twenty-six thousand (26,000) pounds,

For vehicles in excess of 55,000 pounds GVW rating which were first registered on or after August 1, 2005, described in §12-81(74) (A) (ii):

In order to qualify for exemption the **commercial motor vehicle** must:

- 1) Be new, meaning the vehicle’s equitable or legal title has never been transferred by a manufacturer, distributor or dealer to anyone other than the owner/registrant making application for this exemption;
- 2) Not have been registered in this state or any other jurisdiction prior to August 1, 2005, but must be registered in Connecticut on or after that date;
- 3) Have a gross vehicle weight of rating in excess of fifty-five thousand (55,000) pounds,
- 4) Be ineligible for exemption under the criteria provided in clause (i), delineated above.

In order to qualify for exemption the **person holding title to or the registrant of such vehicle** must:

File Form M-65MV with the Assessor of the municipality in which the motor vehicle is subject to taxation by November 1, or get an extension of the filing date from the municipal assessor according to the provisions of CGS 12-81k. For vehicles registered after October 1 and prior to August 1, and subject to taxation on the *Supplemental Motor Vehicle List*, application is due by the following November 1, and is not subject to the requirement that an extension be filed or a late filing fee be paid, as long as the November 1 filing deadline is met.

3. **Is annual filing of the M-65 MV Form required in order to receive the commercial motor vehicle exemption provided in CGS §12-81(74)?**

No. An exemption application (M-65 MV) is required for the *first year* in which the exemption is requested. If there is no change in the tax town and no modification to the vehicle, no application has to be filed in subsequent years after the initial claim form is filed and exemption granted. This provision was effective 10/1/2000.

4. **Is a vehicle that was registered after October 1, 2008 eligible for exemption?**

Yes, qualifying motor vehicles that are registered after October 1, and prior to August 1, that will appear on the **Supplemental Motor Vehicle List** are eligible for exemption. In such a case, the vehicle will enjoy the exemption for which the vehicle qualifies for the first (partial) assessment year and the next four assessment years, as long as all requirements are met. If it is the initial filing for exemption, the applicant has until November 1, 2009 to file with the assessor of the municipality in which the vehicle is subject to taxation

5. **What is meant by "new" commercial vehicle for the purposes of the exemption provided in CGS § 12-81(74)?**

"New" means that the vehicle's equitable or legal title has never been transferred by a manufacturer, distributor or dealer to anyone other than the owner or registrant making application for this exemption.

6. **Does a vehicle that has a temporary registration qualify for exemption?**

Yes, as long as all qualifying criteria are met, including the registration date

7. **How should the word "registered" be interpreted?**

"Registered" means that the vehicle has been registered with the Connecticut Department of Motor Vehicles and has been issued a validated Form H-13, with a State of Connecticut seal affixed and date stamp in the upper right-hand corner.

8. **Are leased commercial vehicles eligible for this exemption?**

Yes, CGS §12-81(74) uses the wording "person holding title to or the registrant of such vehicle," therefore, the lessee of a new commercial motor vehicle may qualify for the exemption, provided all other criteria are met.

9. **If a registrant acquires a vehicle through a lease and subsequently takes title to the vehicle, is it eligible for another 5-year exemption term?**

No. It is eligible for the balance of the five-year exemption period if it has not enjoyed the entire term of exemption since its acquisition through the leasing process and is purchased by the original lessee. Once the full five-year exemption term has expired, it becomes taxable at 70% of its average retail value as determined by the Assessor.

10. What is meant by the term "cost of acquisition" for the purposes of this exemption?

"Cost of acquisition" is the price paid for the motor vehicle eligible for this exemption (including the value of any 'trade-in'), together with all allowable costs related to its modification, *excluding sales/use tax*.

11. When determining the cost of acquisition of a particular vehicle, how should a trade-in be handled?

The dollar value of the trade-in is to be added to the price paid for the particular motor vehicle. Cost of acquisition includes value-in-exchange (cash or its equivalency) as well as value-in-kind (trade-in value).

12. How should the cost of acquisition for leased vehicles be determined?

The cost of acquisition for leased vehicles is the owner's cost of acquisition (including the value of any 'trade-in'), and the allowable costs related to its modification, *excluding sales/use tax*.

13. If property title has been conveyed but the property is still eligible for exemption due to a continuing lease, what cost of acquisition is to be used in the following assessment year?

The purchase price or unit cost will always be that paid by the original owner/lessor plus any modification costs.

14. Is sales or use tax to be included in the cost of acquisition?

No. The cost of acquisition is the price paid for an eligible motor vehicle plus the cost of modification, *excluding any applicable sales/use tax*.

15. Is documentation of the cost of acquisition required to be furnished at the time an applicant files Form M-65MV?

Yes. The person seeking this exemption is required to complete Form M-65MV and to furnish the following:

- (1) a copy of a validated Form H-13 – Application for Registration of a Motor Vehicle, which has a Connecticut State seal affixed and a date stamp in the upper right-hand corner,
- (2) a copy of the vehicle's bill of sale or the vehicle's invoice,
- (3) proof of price paid for any modifications made to the vehicle between the date of purchase and October 1, 2009 (sales contract, itemized bill of sale, etc.).

16. If an applicant filed an M-65MV Claim, accompanied by all required documentation, for the 2008 List and was granted an exemption, is the applicant required to file again for the 2009 List?

No. Effective with the October 1, 2000 List, an exemption claim is required for the first year in which the exemption is requested. Providing that there is no change in tax town or modification to the vehicle, no subsequent M-65MV claim has to be filed after the exemption is initially granted.

17. What happens if an applicant does not file Form M-65MV (first-time application) with the Assessor on or before November 1st?

CGS §12-81(74) provides that failure to timely file Form M-65MV constitutes a waiver of the right to claim the exemption for the assessment year commencing October 1. However, an extension of the filing period may be granted by the municipal assessor, under the provisions of §12-81k. The Assessor may grant an extension of the time to file Form M-65MV until December 15. There is a late filing fee (see chart below), which the Assessor has the authority to waive. If the Assessor has granted an extension of the time to file the Personal Property Declaration, an automatic extension for the filing of the M-65MV is granted and a request for “extension of the time to file” is not required.

18. Is there a penalty for late filing of Form M-65?

Yes. If a Form M-65MV filing extension is granted, the applicant is required to pay a fee to the municipality before the exemption may be applied by the Assessor. The fee ranges from \$50 to \$500, depending on the assessment of the property for which the exemption is sought. The following chart is to be used to determine the amount of a late filing fee under the provisions of §12-81k

<u>Assessment</u>	<u>Late Filing Fee</u>
\$100,000.00 or less	Fifty dollars (\$ 50)
\$100,000.01 to \$249,999.99	One hundred fifty dollars (\$150)
\$250,000.00 to \$499,999.99	Two hundred fifty dollars (\$250)
\$500,000.00 or more	Five hundred dollars (\$500)

19. Does the person filing Form M-65MV have to ask for an extension of time to file the M-65MV if the assessor has granted an extension of the time to file the Personal Property Declaration?

No. If an extension to file the Personal Property Declaration is granted by the Assessor, an extension of the filing period is automatically granted for the filing of Form M-65 MV, Property Tax Exemption Application for New Commercial Motor Vehicle. The Assessor should be contacted to confirm the due date of the filings.

20. To whom is the late filing fee payable?

The fee is payable to the municipality in which the property for which the exemption is sought is located. Applicants should make a check payable to the municipality.

21. If an applicant requests an extension of the filing date for Form M-65MV, and upon receipt and review by the assessor an adjustment is made to the claim, is the fee amount adjusted?

No, in the event that an applicant requests an extension of the November 1 filing deadline, the fee is based on the assessed value of the claim and is not adjusted for any changes made to the claim by the Assessor or OPM. If an extension is requested to enable an applicant to *increase* the exemption claim amount, the late filing fee is based on the amount of *increase* in the assessed value of the original timely filing.

22. Does the granting of an extension of the time to file the M-65MV Form mean that the Assessor has approved the applicant or activity for exemption?

No, it means that the applicant has met all requirements of CGS §12-81k, and has received an extension of the time to file the M-65MV Form.

Questions 23 through 26 refer to “For Hire Motor Carriers” as defined in §12-81 (74)(A)(i)

23. What is the definition of “freight”?

Freight is defined as merchandise or commercial goods having value. Anything discarded as worthless (for example, garbage or food wastes), is not considered “freight.”

24. What is meant by the term “used exclusively to transport freight for hire”?

It means that the vehicle is used to transport “freight” for an unrelated party 100% of the time. The following motor vehicles/activities do not qualify for exemption under subparagraph (i) but do qualify under subparagraph (ii) providing all qualifying criteria under subparagraph (ii) are met:

- Motor vehicles used to transport property “by a person engaged in a business other than transportation; and . . . the transportation is within the scope of and furthers a primary business (other than transportation) of the person;
- Transportation of property by motor vehicle for compensation provided by a person who is a member of a corporate family for other members of such corporate family.” “Corporate family” means a group of corporations consisting of a parent corporation and all subsidiaries in which the parent corporation owns directly or indirectly 100 percent interest.
- The emergency towing of an accidentally wrecked or disabled motor vehicle is specifically excluded from the jurisdiction of the US DOT, and therefore from exemption under subparagraph (i).

25. Is a Private Motor Carrier eligible for this exemption

A “Private Motor Carrier” is a business that uses a vehicle to transport its own products to wholesale or retail outlet(s), or a business engaged in renting vehicles for use by others. If the vehicle is used to transport products owned by the owner/registrant it would not be eligible for exemption under subparagraph (i), but might qualify under subparagraph (ii) if all other qualifying criteria are met. If a rented vehicle is used exclusively to transport freight for hire and meets all other criteria, it qualifies for exemption under (i).

26. What are the exclusions from the jurisdiction of the US Department of Transportation and therefore ineligible uses for purposes of qualifying for the exemption provided in clause (i)?

Excerpted from Chapter 135
Subchapter 1 -- Motor Carrier Transportation

§13506. Miscellaneous motor carrier transportation exemptions

“(a) IN GENERAL. -- Neither the Secretary nor the Board has jurisdiction under this part over --

- “(1) a motor vehicle transporting only school children and teachers to or from school;
- “(2) a motor vehicle providing taxicab service and having a capacity of not more than 6 passengers and not operated on a regular route or between specified places;
- “(3) a motor vehicle owned or operated by or for a hotel and only transporting hotel patrons between the hotel and the local station of a carrier;
- “(4) a motor vehicle controlled and operated by a farmer and transporting --
 - “(A) the farmer’s agricultural or horticultural commodities and products; or
 - “(B) supplies to the farm of the farmer;
- “(5) a motor vehicle controlled and operated by a cooperative association (as defined by § 15(a) of the Agricultural Marketing Act (12 U.S.C. 1141j(a)) or by a federation of cooperative associations if the federation has no greater power or purposes than a cooperative association, except that if the cooperative association or federation provides transportation for compensation between a place in a State and a place in another State, or between a place in a State and another place in the same State through another State –
 - “(A) for a nonmember that is not a farmer, cooperative association, federation, or the United States Government, the transportation (except for transportation otherwise treated under this subchapter) --
 - “(i) shall be limited to transportation incidental to the primary transportation operation of the cooperative association or federation and necessary for its effective performance; and
 - “(ii) may not exceed in each fiscal year 25 percent of the total transportation of the cooperative association or federation between those places, measured by tonnage; and
 - “(B) the transportation for all nonmembers may not exceed in each fiscal year, measured by tonnage, the total transportation between those places for the cooperative association or federation and its members during that fiscal year;
- “(6) transportation by motor vehicle of --
 - “(A) ordinary livestock;
 - “(B) agricultural or horticultural commodities (other than manufactured products thereof);
 - “(C) commodities listed as exempt in the Commodity List incorporated in ruling numbered 107, March 19, 1958, Bureau of Motor Carriers, Interstate Commerce Commission, other than frozen fruits, frozen berries, frozen vegetables, cocoa beans, coffee beans, tea, bananas, or hemp, or wool imported from a foreign country, wool tops and noils, or wool waste (carded, spun, woven, or knitted);
 - “(D) cooked or uncooked fish, whether breaded or not, or frozen or fresh shellfish, or byproducts thereof not intended for human consumption, other than fish or shellfish that have been treated for preserving, such as canned, smoked, pickled, spiced, corned or kippered products; and
 - “(E) livestock and poultry feed and agricultural seeds and plants, if such products (excluding products otherwise exempt under this paragraph) are transported to a site of agricultural production or to a business enterprise engaged in the sale to agricultural producers of goods used in agricultural production;
- “(7) a motor vehicle used only to distribute newspapers;

- “(8) (A) transportation of passengers by motor vehicle incidental to transportation by aircraft;
- “(B) transportation of property (including baggage) by a motor vehicle as part of a continuous movement which, prior or subsequent to such part of the continuous movement, has been or will be transported by an air carrier or (to the extent so agreed by the United States and approved by the Secretary) by a foreign air carrier; or
- “(C) transportation of property by motor vehicle in lieu of transportation by aircraft because of adverse weather conditions or mechanical failure of the aircraft or other causes due to circumstances beyond the control of the carrier or shipper;
- “(9) the operation of a motor vehicle in a national park or national monument;
- “(10) a motor vehicle carrying not more than 15 individuals in a single, daily roundtrip to commute to and from work;
- “(11) transportation of used pallets and used empty shipping containers (including intermodal cargo containers), and other used shipping devices (other than containers or devices used in the transportation of motor vehicles or parts of motor vehicles);
- “(12) transportation of natural, crushed, vesicular rock to be used for decorative purposes;
- “(13) transportation of wood chips;
- “(14) brokers for motor carriers of passengers, except as provided in § 13904(d)); or
- “(15) transportation of broken, crushed, or powdered glass.
- “(b) EXEMPT UNLESS OTHERWISE NECESSARY. -- Except to the extent the Secretary or Board, as applicable, finds it necessary to exercise jurisdiction to carry out the transportation policy of § 13101, neither the Secretary nor the Board has jurisdiction under this part over --
- “(1) transportation provided entirely in a municipality, in contiguous municipalities, or in a zone that is adjacent to, and commercially a part of, the municipality or municipalities, except --
- “(A) when the transportation is under common control, management, or arrangement for a continuous carriage or shipment to or from a place outside the municipality, municipalities or zone; or
- “(B) that in transporting passengers over a route between a place in a State and a place in another State, or between a place in a State and another place in the same State through another State, the transportation is exempt from jurisdiction under this part only if the motor carrier operating the motor vehicle also is lawfully providing intrastate transportation of passengers over the entire route under the laws of each State through which the route runs;
- “(2) transportation by motor vehicle provided casually, occasionally, or reciprocally but not as a regular occupation or business, except when a broker or other person sells or offers for sale passenger transportation provided by a person authorized to transport passengers by motor vehicle under an application pending, or registration issued, under this part; or
- “(3) the emergency towing of an accidentally wrecked or disabled motor vehicle.

THE FOLLOWING INFORMATION IS INTENDED TO CLARIFY THE REQUIREMENTS AND PROCEDURES RELATIVE TO THE EXEMPTION PROVIDED IN CGS §12-81(74)

Information Pertinent to the Administration of this Program

27. Are there changes in the program that the Assessor should be aware of?

No.

28. What date is used when determining qualification for the exemption in CGS §12-81(74)?

Effective October 1, 2000, vehicles are eligible for exemption from the date first registered, previously the exemption was available for a five-year period following the date they were purchased.

29. If a registered motor vehicle exempted under §12-81(74) is sold, totally damaged, stolen or registered in another state after the assessment date on which the exemption is granted, is the exemption to be prorated?

No. There is no statutory provision for pro-ration of the exemption.

30. Is the Assessor required to send Form M-65MV to truck owners?

No, there is no statutory requirement to do so. If a trucker does not receive an exemption claim form on or about October 1, he should immediately request Form M-65MV from either the Assessor or the Office of Policy and Management.

31. Is the information contained on the M-65MV Form open for public inspection?

Yes, there is no limitation to public access provided in the statute.

32. What Abstract Code should be utilized to reflect the property tax exemption for new commercial vehicles?

The Administrative Abstract Coding has been revised, and 'N' has been designated as the code for this exemption

33. If an Assessor denies an exemption under §12-81(74) for property listed on Form M-65MV, what is the applicant's recourse?

The applicant may file an appeal with the Board of Assessment Appeals; if aggrieved by the actions of said Board, the applicant may file an appeal as provided in §12-117a.

34. Is this exemption applicable only in towns and cities?

No, this exemption is applicable in any town, city, borough, consolidated town and city, consolidated town and borough, as well as any special taxing district as defined in §7-324 of the Connecticut General Statutes.

35. **What information is the Assessor required to submit on the M-65a-MV, “*Certification of Assessed Value...*” to the Office of Policy and Management?**

The assessor must provide the name of the property owner, the assessed value of the exempt property, and the total amount of the exemption granted, **subtotaled by List year**, followed by the grand total. **If there are tax districts with differing mill rates, which are applicable to the exempt assessments, they should be reported separately. Report district totals in the space provided.** In substantiation of the claim, the Assessor should also forward the original Form M-65MV as filed by each titleholder or registrant, with required supporting documents filed by the applicant.

36. **Who is responsible for filing Form M-65a-MV for a special taxing district, which does not have an Assessor?**

Either the Treasurer or Chief Executive Officer of the district may file the Certification. Copies of Form M-65MV do not need to be included; the Assessor will forward those with the Certification for the Town or City.

37. **If an Assessor finds it necessary to amend a Certification, which has already been filed with the Office of Policy and Management, what procedure should be followed?**

A single line should be drawn through the amount of assessment originally requested on the copy of the claim retained by the Assessor. The correct amount and the notation “Amended” should then be entered in red. The corrected claim should be forwarded to the Office of Policy and Management along with a brief explanation for the change and the M-65MV Claim(s), if appropriate.

38. **If any person is aggrieved by the decision of the Secretary of the Office of Policy and Management concerning the disposition of an appeal or denial of an appeal hearing, what recourse does the person have?**

Such person may, within thirty business days of receiving notice related thereto from the Secretary, appeal to the Superior Court for the judicial district in which the motor vehicle is subject to property taxation

39. **To whom should questions regarding the New Commercial Motor Vehicle Exemption be addressed?**

Frank Intino is the contact for the Office of Policy and Management for this program. He may be reached at (860) 418-6382, by fax at (860) 418-6493, or e-mail at frank.intino@ct.gov. Instructions, Guidelines and Forms are available on the OPM website at: www.ct.gov/opm/igp under Assessment, Data Collection and Grants Management Unit, then under "Commercial Motor Vehicles".