



Senate

General Assembly

February Session, 2002

File No. 391

Senate Bill No. 610

Senate, April 9, 2002

The Committee on Finance, Revenue and Bonding reported through SEN. LOONEY of the 11th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

**AN ACT CONCERNING REAL ESTATE CONVEYANCE TAX
TREATMENT OF CERTAIN LEASES OF PROPERTY BY
ASSOCIATIONS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-494 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) There is imposed a tax on each deed, instrument or writing,
4 whereby any lands, tenements or other realty is granted, assigned,
5 transferred or otherwise conveyed to, or vested in, the purchaser, or
6 any other person by his direction, when the consideration for the
7 interest or property conveyed equals or exceeds two thousand dollars,
8 (1) subject to the provisions of subsection (b) of this section, at the rate
9 of five-tenths of one per cent of the consideration for the interest in real
10 property conveyed by such deed, instrument or writing, the revenue
11 from which shall be remitted by the town clerk of the municipality in
12 which such tax is paid, not later than ten days following receipt

13 thereof, to the Commissioner of Revenue Services for deposit to the
14 credit of the state General Fund, and (2) at the rate of eleven one-
15 hundredths of one per cent of the consideration for the interest in real
16 property conveyed by such deed, instrument or writing, which
17 amount shall become part of the general revenue of the municipality in
18 accordance with section 12-499. The tax imposed by this section shall
19 apply to the purchase of a lease of real property where the lessor is an
20 association and the lessee is a member of the association.

21 (b) The rate of tax imposed under subdivision (1) of subsection (a) of
22 this section shall, in lieu of the rate under [said] subdivision (1) of
23 subsection (a) of this section, be imposed on certain conveyances as
24 follows: (1) In the case of any conveyance of real property which at the
25 time of such conveyance is used for any purpose other than residential
26 use, except unimproved land, the tax under [said] subdivision (1) of
27 subsection (a) of this section shall be imposed at the rate of one per
28 cent of the consideration for the interest in real property conveyed; and
29 (2) in the case of any conveyance in which the real property conveyed
30 is a residential estate, including a primary dwelling and any auxiliary
31 housing or structures, for which the consideration in such conveyance
32 is eight hundred thousand dollars or more, the tax under [said]
33 subdivision (1) of subsection (a) of this section shall be imposed (A) at
34 the rate of one-half of one per cent on that portion of such
35 consideration up to and including the amount of eight hundred
36 thousand dollars, and (B) at the rate of one per cent on that portion of
37 such consideration in excess of eight hundred thousand dollars; and
38 (3) in the case of any conveyance in which real property on which
39 mortgage payments have been delinquent for not less than six months
40 is conveyed to a financial institution or its subsidiary which holds such
41 a delinquent mortgage on such property, the tax under [said]
42 subdivision (1) of subsection (a) of this section shall be imposed at the
43 rate of one-half of one per cent of the consideration for the interest in
44 real property conveyed.

This act shall take effect as follows:

Section 1	<i>from passage</i>
-----------	---------------------

FIN *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Fund-Type	Agency Affected	FY 03 \$
GF - Revenue Gain	Department of Revenue Services	Minimal

Note: GF=General Fund

Municipal Impact:

Effect	Municipalities	FY 03 \$
Revenue Gain	All Municipalities	Minimal

Explanation

The bill would result in a minimal revenue gain (less than \$100,000/yr) to the state and municipality when an association sells a real property lease to one of its members. Since the number of transactions each year is expected to be small, the state and municipal revenue gain is anticipated to be minimal.

OLR Bill Analysis

SB 610

**AN ACT CONCERNING REAL ESTATE CONVEYANCE TAX
TREATMENT OF CERTAIN LEASES OF PROPERTY BY
ASSOCIATIONS****SUMMARY:**

This bill extends the real estate conveyance tax to transactions in which an association sells a real property lease to one of its members. It also makes technical changes.

Under current law, with some exceptions, anyone who sells real property for \$2,000 or more must pay a real estate conveyance tax, but the law does not cover leasing transactions. The tax rate depends on the type of property and, for residential property, the sale price. The tax revenue is shared between the state and the municipality where the property is located.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Join Favorable Report

Yea 38 Nay 4