



House of Representatives

General Assembly

File No. 326

January Session, 2005

House Bill No. 6393

House of Representatives, April 13, 2005

The Committee on Environment reported through REP. ROY of the 119th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING COMMUNITY PRESERVATION AND INVESTMENT.

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

1 Section 1. (NEW) (*Effective from passage and applicable to conveyances of*
2 *real property occurring on or after July 1, 2005*) A municipality may
3 impose a buyer's tax on the conveyance of real property at the rate of
4 not less than one-quarter of one per cent and not more than one per
5 cent of the consideration paid by the buyer in excess of one hundred
6 thousand dollars. Such tax may be retained by the municipality, shall
7 be kept in a separate account and shall be used for any of the following
8 purposes, at the option of the municipality: (1) Purchase or protection
9 of open space land, forest or farm land by the municipality or by the
10 municipality in cooperation with the state or federal government or
11 with a private organization such as a land trust, (2) purchase or
12 protection of land used for recreation, including land for playing
13 fields, beaches and shoreline access, (3) purchase or protection of
14 interests in real property to establish access to public trust waters, (4)

15 brownfield remediation, or (5) purchase of property or development
16 rights for affordable housing.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to conveyances of real property occurring on or after July 1, 2005</i>	New section

ENV *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: None

Municipal Impact:

Municipalities	Effect	FY 06 \$	FY 07 \$
All Municipalities	Revenue Gain	See Below	See Below

Explanation

There is revenue gain to municipalities that choose to adopt a “buyer’s tax” on certain real property transactions. Based on 2004 municipal conveyance tax data there were 127,000 transactions with an average value of \$220,000. Therefore, the aggregate potential revenue gain, assuming that all municipalities adopt the maximum rate of 1%, could be in excess of \$150 million. Municipalities must deposit these funds in a separate account to be used for specific purposes stated in the bill.

OLR Bill Analysis

HB 6393

AN ACT CONCERNING COMMUNITY PRESERVATION AND INVESTMENT**SUMMARY:**

This bill authorizes a municipality to impose a conveyance tax on a buyer of real property of between 0.25% and 1% on the amount of consideration paid in excess of \$100,000.

The town must keep the revenue from this tax in a separate account, and use it for (1) the purchase or protection of open space, farm or forest land by the town, or by the town in cooperation with the state or federal government or a private organization such as a land trust; (2) the purchase or protection of land for recreation, including land for playing fields, beaches, and shoreline access; (3) the purchase or protection of interests in real property to gain access to public trust waters; (4) brownfield remediation; or (5) the purchase of property or development rights for affordable housing.

EFFECTIVE DATE: Upon passage, and applicable to conveyances of real property occurring on or after July 1, 2005.

BACKGROUND***Conveyance Tax***

A person who sells real property for \$2,000 or more pays state and municipal conveyance taxes when he conveys the property to the buyer. The state tax rate is either 0.5% or 1% of the sale price, depending on the type of property and how much it sells for; the town tax rate is either 0.25% or 0.5% depending on where the property is located.

Public Trust Waters

Public trust waters comprises submerged lands and waters waterward of the mean high water line in tidal, coastal, or navigable waters of the state.

COMMITTEE ACTION

Environment Committee

Joint Favorable Report
Yea 20 Nay 8