



# House of Representatives

General Assembly

**File No. 655**

*January Session, 2005*

Substitute House Bill No. 6841

*House of Representatives, May 3, 2005*

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING THE REAL ESTATE CONVEYANCE TAX.***

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

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2 repealed and the following is substituted in lieu thereof (*Effective from*  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

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

14 thereof, to the Commissioner of Revenue Services for deposit to the  
 15 credit of the state General Fund, and (2) at the rate of one-fourth of one  
 16 per cent of the consideration for the interest in real property conveyed  
 17 by such deed, instrument or writing, and on and after July 1, [2005]  
 18 2007, at the rate of eleven one-hundredths of one per cent of the  
 19 consideration for the interest in real property conveyed by such deed,  
 20 instrument or writing, provided the amount imposed under this  
 21 subdivision shall become part of the general revenue of the  
 22 municipality in accordance with section 12-499.

23 Sec. 2. Subsection (c) of section 12-494 of the general statutes is  
 24 repealed and the following is substituted in lieu thereof (*Effective from*  
 25 *passage*):

26 (c) In addition to the tax imposed under subsection (a) of this  
 27 section, any targeted investment community, as defined in section 32-  
 28 222, or any municipality in which properties designated as  
 29 manufacturing plants under section 32-75c are located, may, on or after  
 30 March 15, 2003, impose an additional tax on each deed, instrument or  
 31 writing, whereby any lands, tenements or other realty is granted,  
 32 assigned, transferred or otherwise conveyed to, or vested in, the  
 33 purchaser, or any other person by his direction, when the  
 34 consideration for the interest or property conveyed equals or exceeds  
 35 two thousand dollars, which additional tax shall be at [the] a rate of up  
 36 to one-fourth of one per cent of the consideration for the interest in real  
 37 property conveyed by such deed, instrument or writing. The revenue  
 38 from such additional tax shall become part of the general revenue of  
 39 the municipality in accordance with section 12-499.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-494(a)
Sec. 2	<i>from passage</i>	12-494(c)

**FIN**            *Joint Favorable Subst.*

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:

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 06 \$</b>	<b>FY 07 \$</b>
All Municipalities	Revenue Gain	30 to 50 million	30 to 50 million

**Explanation**

Extending the present 0.25% municipal real estate conveyance tax rate, by two years, is anticipated to result in a revenue gain (compared to current law) to all municipalities of between \$30 and \$50 million in FY 06 and FY 07.

Under current law, the 17 towns designated as targeted investment communities and the single town that has a manufacturing plant that qualifies for enterprise zone benefits are permitted to add 0.25% to the base rate. The bill allows these towns to elect to add up to 0.25% instead of just a flat 0.25%. Currently, 16 of the 18 towns impose this optional rate. Therefore, the bill could result in: (1) a revenue gain to the two municipalities (New Haven and Stamford) that have not yet elected to impose the optional rate, and (2) a revenue loss to towns that previously elected to impose the optional rate and decide to lower their rate.

Based on an analysis of real estate sales data from July 1, 2003 through June 30, 2004 (FY 04), the increase in the base rate from 0.11% to 0.25% resulted in a revenue gain to all municipalities of approximately \$39.2 million. In addition, the 16 towns that elected to impose the optional rate realized a revenue gain of approximately \$10.7 million (in addition to their share of the \$39.2 million).

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**OLR Bill Analysis**

sHB 6841

***AN ACT CONCERNING THE REAL ESTATE CONVEYANCE TAX***

**SUMMARY:**

The bill extends the current 0.25% municipal real estate conveyance tax rate for two years, until July 1, 2007. Under current law, the rate is scheduled to drop to 0.11% on July 1, 2005.

The bill also allows the 18 towns that currently have the option to add a flat 0.25% to their basic municipal conveyance tax rate the option of adding a lower percentage up to 0.25%. The towns eligible to exercise this option are the 17 targeted investment communities and the single town that has a manufacturing plant that qualifies for enterprise zone benefits. The towns are: Bloomfield, Bridgeport, Bristol, East Hartford, Groton, Hamden, Hartford, Meriden, Middletown, New Britain, New Haven, New London, Norwalk, Norwich, Southington, Stamford, Waterbury, and Windham.

EFFECTIVE DATE: Upon passage

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 27      Nay 20