



House of Representatives

General Assembly

File No. 423

January Session, 2007

House Bill No. 6914

House of Representatives, April 10, 2007

The Committee on Planning and Development reported through REP. FELTMAN of the 6th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

***AN ACT CONCERNING A DEFINITION OF "UNIMPROVED LAND"
FOR PURPOSES OF THE REAL ESTATE CONVEYANCE TAX.***

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 Section 12-494 of the general statutes is repealed and the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 October 1, 2007*):

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 one-fourth of one

15 per cent of the consideration for the interest in real property conveyed
16 by such deed, instrument or writing, and on and after July 1, 2007, at
17 the rate of eleven one-hundredths of one per cent of the consideration
18 for the interest in real property conveyed by such deed, instrument or
19 writing, provided the amount imposed under this subdivision shall
20 become part of the general revenue of the municipality in accordance
21 with section 12-499.

22 (b) The rate of tax imposed under subdivision (1) of subsection (a) of
23 this section shall, in lieu of the rate under said subdivision (1), be
24 imposed on certain conveyances as follows: (1) In the case of any
25 conveyance of real property which at the time of such conveyance is
26 used for any purpose other than residential use, except unimproved
27 land, the tax under said subdivision (1) shall be imposed at the rate of
28 one per cent of the consideration for the interest in real property
29 conveyed; (2) in the case of any conveyance in which the real property
30 conveyed is a residential estate, including a primary dwelling and any
31 auxiliary housing or structures, regardless of the number of deeds,
32 instruments or writings used to convey such residential real estate, for
33 which the consideration or aggregate consideration, as the case may
34 be, in such conveyance is eight hundred thousand dollars or more, the
35 tax under said subdivision (1) shall be imposed (A) at the rate of one-
36 half of one per cent on that portion of such consideration up to and
37 including the amount of eight hundred thousand dollars, and (B) at the
38 rate of one per cent on that portion of such consideration in excess of
39 eight hundred thousand dollars; and (3) in the case of any conveyance
40 in which real property on which mortgage payments have been
41 delinquent for not less than six months is conveyed to a financial
42 institution or its subsidiary which holds such a delinquent mortgage
43 on such property, the tax under said subdivision (1) shall be imposed
44 at the rate of one-half of one per cent of the consideration for the
45 interest in real property conveyed. As used in this subsection,
46 "unimproved land" includes farm land that has never been improved
47 or farm land that was once improved but has not contained an intact
48 structure for a period of at least ten years before the date of the
49 conveyance.

50 (c) In addition to the tax imposed under subsection (a) of this
 51 section, any targeted investment community, as defined in section 32-
 52 222, or any municipality in which properties designated as
 53 manufacturing plants under section 32-75c are located, may, on or after
 54 March 15, 2003, impose an additional tax on each deed, instrument or
 55 writing, whereby any lands, tenements or other realty is granted,
 56 assigned, transferred or otherwise conveyed to, or vested in, the
 57 purchaser, or any other person by his direction, when the
 58 consideration for the interest or property conveyed equals or exceeds
 59 two thousand dollars, which additional tax shall be at a rate of up to
 60 one-fourth of one per cent of the consideration for the interest in real
 61 property conveyed by such deed, instrument or writing. The revenue
 62 from such additional tax shall become part of the general revenue of
 63 the municipality in accordance with section 12-499.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2007</i>	12-494

PD *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 chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Department of Revenue Services	GF - Revenue Impact	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill defines “unimproved land” for the purposes of the real estate conveyance tax as (1) land that has never been improved or (2) land that was once improved but has not had an intact structure located on it for 10 years before the conveyance.

The previous statutory provisions for this tax did not include a definition of unimproved land. This bill appears to provide a broad interpretation of properties that may be taxed at the rate¹ for unimproved land because it includes land that was once improved as well as land that was never improved. This will result in a General Fund revenue loss to the degree that it increases the number of properties eligible to be taxed at the lower rate. However, the amount of the loss cannot be determined because the number and value of conveyances that will be affected is not known.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

¹ The Real Estate Conveyance Tax rate on unimproved land is 0.5% of the purchase price and the rate nonresidential property other than unimproved land is 1.0%.

OLR Bill Analysis**HB 6914*****AN ACT CONCERNING A DEFINITION OF "UNIMPROVED LAND"
FOR PURPOSES OF THE REAL ESTATE CONVEYANCE TAX.*****SUMMARY:**

By law, transfers of unimproved land are subject to a lower conveyance tax rate than transfers of improved land. This bill defines "unimproved land" to include farm land that (1) has never been improved or (2) was once improved but did not contain an intact structure for at least 10 years before the conveyance.

EFFECTIVE DATE: October 1, 2007

BACKGROUND***Related Bill***

sHB 5713, reported favorably by the Planning and Development Committee, also has this provision.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 19 Nay 0 (03/23/2007)