



Senate

General Assembly

File No. 157

February Session, 2008

Substitute Senate Bill No. 274

Senate, March 26, 2008

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, 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. Section 12-494 of the 2008 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2008*):

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] thirty-six one-hundredths of one per cent of the
11 consideration for the interest in real property conveyed by such deed,
12 instrument or writing, the revenue from which shall be remitted by the
13 town clerk of the municipality in which such tax is paid, not later than
14 ten days following receipt thereof, to the Commissioner of Revenue
15 Services for deposit to the credit of the state General Fund, and (2) at

16 the rate of one-fourth of one per cent of the consideration for the
17 interest in real property conveyed by such deed, instrument or writing,
18 [and on and after July 1, 2008, at the rate of eleven one-hundredths of
19 one per cent of the consideration for the interest in real property
20 conveyed by such deed, instrument or writing,] provided the amount
21 imposed under this subdivision shall become part of the general
22 revenue of the municipality in accordance with section 12-499.

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

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	July 1, 2008	12-494

INS *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 chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 09 \$	FY 10 \$
Department of Revenue Services	GF - Revenue Loss	32.3 million	33.2 million

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 09 \$	FY 10 \$
All Municipalities	Revenue Gain	35.8 million	36.8 million

Explanation

The bill will result in a General Fund revenue loss from the Real Estate Conveyance Tax of approximately \$32.3 million in FY 09 and \$33.2 million in FY 10.

The bill makes permanent the present rate of 0.25% of the local portion of the real estate conveyance tax. Therefore, municipalities will retain about \$35.8 million in FY 09 and \$36.8 million in FY 10 that they are expected to lose under current law.

The Out Years

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

OLR Bill Analysis**sSB 274*****AN ACT CONCERNING THE REAL ESTATE CONVEYANCE TAX.*****SUMMARY:**

With some exceptions, Connecticut law requires anyone selling real property for \$2,000 or more to pay a state tax and a municipal tax when conveying the property to the buyer. This bill reduces the state real estate conveyance tax and makes permanent the 0.25% municipal conveyance tax currently scheduled to drop to 0.11% on July 1, 2008.

The bill reduces the state tax from 0.5% to 0.36% on (1) residential dwellings sold for \$800,000 or less, (2) other types of residential property, (3) unimproved land, and (4) bank foreclosures for mortgage delinquencies. By law, unimproved land includes land designated as farm, forest, or open space.

Currently, the state tax is 1% on (1) sales of nonresidential property other than unimproved land and (2) any portion of the sale price of a residential dwelling that exceeds \$800,000. The bill reduces it to 0.84% for sales of nonresidential property other than unimproved land. It leaves unchanged the 1% tax on any portion of a residential dwelling's sale price that exceeds \$800,000.

Many types of transactions are exempt from the state tax, including transfers between spouses, sales to certain nonprofit entities, and certain relocation company resales of residential property acquired through employee relocation plans.

EFFECTIVE DATE: July 1, 2008

ADDITIONAL TAX OPTION FOR 18 TOWNS

By law, 18 towns have an option of adding to their basic municipal

conveyance tax rate an additional tax of 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.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/06/2008)