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CONNECTICUT ASSOCIATION OF
REALTORS[®]
INC.

Statement on

H.B. 5984: AN ACT ALLOWING HOMEOWNERS TO SELL THEIR HOMES USING A LOTTERY SYSTEM

Submitted to Insurance and Real Estate Committee
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by

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We are not clear about the intent of this proposal. The stated purpose is "to give homeowners an **ADDITIONAL** method (emphasis added) by which they may sell their homes" using a lottery system.

Under current law, a homeowner can now sell his or her home to a charity for use as a raffle prize. Raffle permits are only granted by the State to charitable organizations. Is the intent to change the law so that the homeowner can obtain a raffle permit and directly sell tickets and hold the drawing?

The concept raises more questions than it answers. Presumably a newly-constructed home would be conveyed to the winner with a warranty, but what about other properties? Would Connecticut's residential property condition disclosure law apply? What recourse is there for the winner who finds major hidden defects? And what about reporting taxes on "winnings"?

These kind of unconventional marketing techniques arise whenever there's a serious downturn in the real estate market. We note that Veronica Rose of the Office of Legislative Research was only able to find data on real estate raffles used in Maryland. The report mentions that of nine state-approved raffles in eighteen months, only one succeeded. Most were canceled due to low ticket sales.