



CONNECTICUT ASSOCIATION OF  
**REALTORS®** INC.

**Statement on**

**S.B. 5279: An Act Concerning The Real Estate Conveyance Tax  
(Exemptions for Distressed Home Sellers)**

**SUPPORT**

Submitted to the Banks Committee  
March 11, 2010

By Linda Fercodini  
Wolcott

Good afternoon. My name is Linda Fercodini and I'm speaking on behalf of the Connecticut Association of REALTORS®.

I come before you to express strong support for House Bill 5279, a bill that will make an onerous tax less onerous by giving a little relief to the most distressed homesellers.

It's well known that our 17,000 member Association opposes the conveyance tax on people selling their homes. It's a property tax that never even existed before 1983 at the State level. Ever since, it's been expanded right and left to benefit State and Town governments. Last year, Connecticut lawmakers even applied it to foreclosure sales!

My message today is that if you do nothing else to ease the pain of the conveyance tax, at least give relief to those homesellers most deserving of help. House Bill 5279 addresses those we call "underwater sellers" people selling at a loss or by order of the court. Last week, a bill approved by the Select Committee on Veterans' Affairs assists another small population hurt disproportionately by the conveyance tax - our active duty military and spouses of fallen warriors. The intent of both is to at least protect the most vulnerable who are forced to sell their homes with little or no control over the move. REALTORS® urge approval of both measures.

Short sales - those in which the sales price is insufficient to cover the mortgage debt and selling expenses - require intensive work over many months. The homeseller has to actually bring money to

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the closing. Adding insult to injury, both the State and municipal governments benefit by imposing conveyance taxes on the transaction. As one Connecticut Senator remarked "The seller has to write a check for the privilege of taking a bath."

The proposal in House Bill 5279 is a very limited exemption affecting a minority of transactions. The fiscal impact can be offset by spending reductions elsewhere. We respect that, as legislators, your choices are difficult - - yet in our current crisis, choose you must!

Connecticut's public policy should not be to penalize those who are "down and out". It should not exact a "gross receipts tax" on families receiving "nothing", and who in all likelihood have already paid thousands of property taxes on their homes to their municipality.

Please note that the intent is to exempt only those truly suffering a loss when they dispose of their principal residence ["where the gross purchase price is insufficient to pay the sum of (a) mortgages encumbering the property ... and (b) taxes and ... utility or other charges for which the municipality may place a" priority lien on the property]. To prevent possible abuse, additional wording could be included to limit the mortgage debt to that "used to buy, build, or substantially improve the taxpayer's principal residence and secured by that residence. Debt used to refinance qualifying debt is also eligible, but only up to the amount of the old mortgage principal, just before the refinancing."

Thank you. I'll be happy to answer any questions.

