CONNECTICUT ASSOCIATION OF

REALTORS® INC.

Statement on

S.B. 434: An Act Concerning the Real Estate Conveyance Tax

STRONGLY OPPOSE!

Submitted to the Finance Committee
March 15, 2010

By
Michael Casey and Terry Sheehan

Good day. We express our comments today on behalf of the Connecticut Association of REALTORS®. We're confident that our views are shared by thousands of home sellers unable to be here today who have more than paid their fair share of property taxes.

In regard to Senate Bill 434, call it what you may but...

THIS IS A TAX INCREASE ON HOUSING.

It expands a tax that everyone was told was temporary, that was scheduled to terminate after 15 months in 2004. It increases a tax on a fragile housing market at the worst possible time. It boldly states that it's purpose is to make the higher rate "permanent"!

Senate Bill 434 overturns the June 30, 2010, termination date that legislators and the Governor passed into law. It does so to provide bonus conveyance tax revenue to municipalities.

While REALTORS® understand the difficult choices facing town and State leaders (many REALTORS® serve on municipal boards and commissions), this bill is the wrong choice.

Yes, towns and municipal government are facing a huge challenge deciding what programs and services to fund. Still, this pales into insignificance compared to the trial and tribulations of homesellers. Particularly for seniors who for years have seen their homes taxed to support their town - - the real estate conveyance tax appears as a "double dip" by the government when

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they go to sell. For homeowners in urban areas, the extra conveyance tax awarded to "targeted investment communities" is patently regressive. This bill keeps that urban tax in place and layers-on a permanent additional levy.

Arguments to the contrary, the plain language in the present law does not say legislators shall "review" the higher tax rate, but that the base rate will automatically revert to its pre- 2003 level [CGS section 12-249 (a)] ... that is, unless you pass a bill like this, breaking faith with those counting on the plain language of this law.

Thank you. Are there any questions?

BALANCING THE BUDGET:
The Approach Favored By REALTORS®
March 2009

Enormous State budget deficits threaten Connecticut's business climate and quality of life. REALTORS® favor the following principles to eliminate the gap between spending and revenue:

1. Reduce spending first.
2. In making cuts, all stakeholders must share the pain to the extent that it is economically and socially responsible.
3. Restrain bonding, recognizing per capita debt is extremely high and interest payments consume a large share of State spending.
4. Use a broad-based approach in selecting new or expanded revenue sources, but only after reducing spending to the level for most efficient performance of core government functions. REALTORS® are willing to accept a temporary increase in our license fees as part of an overall adjustment in all occupational fees.
5. There should be no added taxation on the real estate transaction, particularly when the Federal government is relying on the housing sector to lead an economic recovery with measures like the first-time buyer's tax credit.