



Bart Russell
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Testimony
Before the
Finance Committee
March 15, 2010

**RE: *SUPPORT* – SB-434, AN ACT CONCERNING THE REAL ESTATE
CONVEYANCE TAX**

The Connecticut Council of Small Towns urges lawmakers to *support* SB-434, AN ACT CONCERNING THE REAL ESTATE CONVEYANCE TAX, which would make the tax permanent.

Connecticut's towns and cities could lose more than \$40 million if the General Assembly fails to extend the increase in the municipal conveyance tax this year. This would prove devastating to towns, which are struggling to meet their obligation to provide critical services to their residents and local businesses, including education, public safety, human services, public works and economic development. Although state aid to municipalities has not been restored to pre-2003 levels, Connecticut's towns and cities have been faced with providing a greater level of services to meet state and federal mandates. This has placed a difficult burden on residents and businesses because towns are forced to rely to a greater extent on property taxes.

Clearly, the municipal conveyance tax is a significant revenue source for cities and towns across the state. The state already collects and has collected for many years, one-half of one percent (0.50%) on most real estate transactions. Even though the transaction is strictly a municipal transaction, the towns and cities were only getting 0.11% and recently 0.25%. This increase, which is still only half of what the State of Connecticut receives, has been absolutely critical to our towns' budgets.

If the tax is allowed to expire, towns and cities will lost an estimated \$40 million, based on what they received last year. This is a significant amount of money for our towns, which are already having difficulty crafting budgets that will be approved by voters. In most cases, there was no fat in the proposed budgets, but the taxpayers have reached the limit of what they can afford to pay in property taxes.

COST therefore urges lawmakers to support SB-434, which will make the tax permanent.