



CONNECTICUT ASSOCIATION OF  
**REALTORS<sup>®</sup>** INC.

**Statement on**

**S.B. 598: An Act Eliminating the Real Estate Conveyance Tax  
Payable to the State**

**QUALIFIED SUPPORT**

Submitted to the Insurance and Real Estate Committee  
January 31, 2013

By **Tim Calnen**

Good afternoon. My name is Tim Calnen and I'm Vice President of Government Affairs for the 15,000-plus members of the Connecticut Association of Realtors.

We wish to express qualified support for Raised Senate Bill 598: Eliminating the Real Estate Conveyance Tax Payable to the State. While our Association did not ask that this bill be introduced, particularly in this time of dire fiscal straits, it will surprise few that most Realtors favor the outcome it seeks.

Not because Realtors have a duty to pay the tax. It's imposed on property sellers, whether they use a real estate broker or not. Rather, it's because they know the State's conveyance tax is regressive and a very unstable revenue source. It singles out an unsuspecting part of the population to shoulder an undue share of the cost of government after they've already paid property, sales, and income taxes.

Before 1983, Connecticut never had a State conveyance tax. It managed quite well without it. Elsewhere in the country, fourteen states don't charge it. And four have actually banned it by *constitutional amendments* approved by their voters!

The qualified support we have for this proposal is based on the following points:

1) Concern that this bill's sudden *total* cut-off of State tax revenue on July 1, amounting to as much as

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an estimated \$130 million annually 2013, would not be in the best interest of crafting a fiscally responsible budget. Instead, we suggest a gradual phase-out of the tax at the rate of 10/100 of a percent yearly. That way It would be totally eliminated for most home sellers in eight years. Lawmakers clearly must find offsetting spending cuts.

- 2) Concern that some legislators may be tempted to amend this bill in hopes of turning the State's conveyance tax over to the municipalities. That "switch" mentality must be opposed. Municipalities already rack-up tax dollars from homesellers through their own separate conveyance tax, including an outrageous "extra" tax levied on sellers in distressed cities or so-called" targeted investment communities."
- 3) Lawmakers may also wish to consider, as part of a "gradual phase-out," extending relief from conveyance taxes to home sellers most harshly impacted. Realtors supported just such an initiative in 2010 when lawmakers carved out exemptions for underwater sellers, deeds in lieu of foreclosure, and foreclosures-by-sale. Another group that *should* have been included are our homeowners in military families, be they National Guardsmen or Reservists on active duty, regular armed forces personnel stationed in Connecticut, or their surviving spouses following death in the line of duty.

Thank you. I would be happy to take any questions.

