



State of Connecticut

HOUSE OF REPRESENTATIVES
STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

REPRESENTATIVE JASON DOUCETTE
13TH ASSEMBLY DISTRICT

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VICE CHAIR
BANKING COMMITTEE

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FINANCE, REVENUE & BONDING COMMITTEE
HIGHER EDUCATION & EMPLOYMENT ADVANCEMENT COMMITTEE

Testimony

In support of H.B. 5193

AN ACT EXEMPTING THE SALE OR TRANSFER OF PRIMARY DWELLINGS AFFECTED BY CRUMBLING FOUNDATIONS FROM THE REAL ESTATE CONVEYANCE TAX.

Finance Committee

Dear Co-Chairs Fonfara, Rojas, Ranking members Witkos, Davis, and distinguished members of the Finance Committee:

I am writing in favor of H.B. 5193. Through my work as a real estate attorney in eastern Connecticut and through contact with constituents, I have encountered many people who are impacted by crumbling foundations. As is well documented, the problem is widespread once this problem is identified, the value of these homes is greatly reduced.

As part of my law practice I have conducted a number of closings where sellers have elected to sell their homes for a greatly reduced amount representing a fraction of the value of the property prior to the problem being identified. To add insult to injury, after losing so much of their equity, they have to then pay even more out of their pockets in the form of conveyance tax on a property that has already robbed them of so much. This proposal is intended to provide relief from the conveyance tax to provide additional relief to homeowners who have already lost so much.

There are already numerous existing exemptions to the real estate conveyance tax. These exemptions include, but are not limited to: the short sale of a property, foreclosure or deed-in-lieu of foreclosure, or conveyances under decree of the Superior Court as a result of a divorce or legal separation. These exemptions are offered as a tool to facilitate the sale of these types of potentially distressed property. The current exemptions provide someone with relief as a matter of public policy and I believe it is good policy to extend this type of relief to homeowners affected by crumbling foundations.

I did request the Office of Fiscal Analysis to research the issue to determine the potential fiscal impact. Unfortunately, there is no single data source at this time available to determine the total number, value, and location of homes affected by the crumbling foundation issue. Anecdotally, I will tell you my opinion that the number of homeowners who currently elect to sell their affected homes is small. If there are 50 homes sold annually at an average price of \$100,000 (a reasonable estimate I believe) this would amount to \$50,000 loss of general fund revenue. I am optimistic that many homeowners will be able to

successfully avail themselves of the CFSIC captive insurance program, and that the number of sales of affected properties will remain low. I would propose the bill when drafted include a definition of "crumbling foundations" similar to that in the CFSIC and that the testing criteria to determine eligibility be utilized, and that the exemption only be available to homeowners who have not gone through the CFSIC program.

Thank you for your consideration.

Sincerely,

Representative Jason Doucette
13th Assembly District