



**HOME BUILDERS & REMODELERS ASSOCIATION
OF CONNECTICUT, INC.**

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*Your Home
Is Our
Business*

**ENVIRONMENT COMMITTEE
PUBLIC HEARING
Testimony
03/08/2021**

To: Chairpersons Cohen and Borer, Ranking Members Miner and Harding, and distinguished Members of the Environment Committee

From: Jim Perras, CEO

Re: **H.B. 6441: AAC CLIMATE CHANGE ADAPTATION (Oppose)**

The Home Builders and Remodelers Association of Connecticut (HBRA-CT) is a professional trade association with nearly 800 hundred business members statewide, employing tens of thousands of Connecticut residents. Our association of small businesses is comprised of residential and commercial builders, land developers, remodelers, general contractors, subcontractors, suppliers and those businesses and professionals that provide services to our diverse industry. We build between 70% to 80% of all new homes and apartments in Connecticut each year and engage in countless home remodeling projects.

Thank you, for the opportunity to provide testimony in **opposition to HB 6441. The HBRA-CT is particularly concerned with Sec. 3** of the bill that would allow municipalities to institute a new buyers conveyance tax ranging from one half of one percent on the portion of sale exceeding \$150k, upwards to as much as one- and one-half percent on the portion of the sale exceeding \$2.5 million. Municipalities would then be able to use these funds for the purpose of purchase, preservation or stewardship of open space land or other interests in land. Alternatively, towns could fund a newly created Climate Change and Coastal Resiliency Reserve Fund to fund resilience, mitigation, or adaptation strategies.

We all agree that more should be done to gird ourselves from the dire effects of climate change. However, funding for these efforts should not take the form of a new conveyance tax. **It is the position of the HBRAC that a new tax and process for municipal land acquisitions is not needed and therefore should not be implemented.** More fair and equitable processes already exist by which a town can purchase property. A town can always go to referendum, and if it is the will of its residents, it can bond to acquire property. The same can be said regarding the appropriation of funds to assist with property losses, capital projects and studies. In addition, this bill would appear to circumvent the ability for residents of a community to voice concerns via a public hearing for any specific acquisition.

Ultimately, it is inherently unfair, that new homeowners should be made to shoulder the costs of climate change and resiliency efforts when the effects impact the entire community. Similarly, it is unfair to ask a new homebuyer to shoulder the costs for open space acquisitions when said purchases would be to the benefit of the entire town. When a new soccer field is built in town, the costs are born by the entire town, it is not built solely on the backs of residents with school age

children or those that play soccer. Open space acquisitions or the costs associated with resiliency efforts should be no different. It is certainly more equitable, that existing homeowners, new homeowners, renters and businesses within a community all be made to bear the costs.

This will impact the cost of purchasing a new home significantly and on multiple levels in towns that choose to implement it. Please consider that the buyer of raw land will be the first to be hit by the new tax. To be followed by the builder who purchases the individual lots. Finally, once the home is built and sold, the additional costs to the developer and builder will likely be passed on to the new homebuyer who will then be taxed. This cascading and compounding effect will have a real and immediate impact on housing affordability in Connecticut and could have a cooling effect on the current uptick of activity in the residential construction industry that is already feeling existing stresses on other fronts, including but not limited to the rising costs of land, skyrocketing lumber prices and supply chain disruptions. Housing affordability has reached crisis levels in Connecticut disproportionately impacting the poor and disenfranchised. Passage of this bill will only serve to broaden those disparities.

The pandemic has led many to reconsider the suburbs again. Connecticut is in direct competition with surrounding states to attract wealthier movers from denser urban areas whose potential arrival will bring increased property, income and sales taxes which will help to resolve Connecticut's structural budget deficits. Many tax experts agree that state income, property and sales tax are becoming bigger factors for both individuals and business owners in deciding where to live and work.¹ This is the exact time for Connecticut to hold the line on implementing any new fees that may put us at a disadvantage.

The HBRA-CT respectfully requests that the Environment Committee delete Section 3 of the bill. Thank you, for the opportunity to provide testimony in opposition to H.B. 6441.

¹ <https://www.cnn.com/2021/02/08/pandemic-heats-up-state-tax-competition-to-attract-businesses-residents-.html>