



Senate

General Assembly

File No. 91

February Session, 2022

Substitute Senate Bill No. 202

Senate, March 23, 2022

The Committee on Housing reported through SEN. LOPES of the 6th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING PROPERTY TAX ABATEMENT FOR CERTAIN FIRST-TIME HOME BUYERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2022, and applicable to assessment*
2 *years commencing on or after October 1, 2022*) Any municipality may, upon
3 approval by its legislative body or, in any town in which the legislative
4 body is a town meeting, by the board of selectmen, abate by five
5 hundred dollars or less, for no longer than five assessment years, the
6 real property taxes due upon a residential property owned by a person
7 who purchased such property with funds provided to qualified first-
8 time homebuyers by the Connecticut Housing Finance Authority and
9 which property is encumbered by a mortgage in favor of the
10 Connecticut Housing Finance Authority. For the purposes of this
11 section, "residential property" means a single-family residential
12 dwelling that is the principal residence of the owner of such property.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2022, and applicable to assessment years commencing on or after October 1, 2022</i>	New section

HSG *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 23 \$	FY 24 \$
Various Municipalities	Potential Cost	See Below	See Below

Explanation

The bill allows municipalities to abate, for up to five years, up to \$500 in property taxes for homeowners with first-time home buyer mortgages purchased via the Connecticut Housing Finance Authority (CHFA).

The bill results in a revenue loss to a municipality that chooses to implement this abatement. Such revenue loss would vary based on the amount of the abatement and the number of eligible homeowners. It is estimated that at least 25,000 homeowners across the state would be eligible to participate.¹ If all municipalities implemented a \$500 abatement, the revenue loss cumulatively to all municipalities would be at least \$12.5 million annually for the next five years.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in municipal grand lists and mill rates.

¹ CHFA currently has about 25,000 outstanding first-time home buyer mortgages. It is assumed that each of those people would be eligible for the abatement established by the bill if their municipality chose to offer it.

OLR Bill Analysis

sSB 202

AN ACT CONCERNING PROPERTY TAX ABATEMENT FOR CERTAIN FIRST-TIME HOME BUYERS.

SUMMARY

This bill allows municipalities to abate up to \$500 in property taxes per assessment year for a residential property owned by a person who purchased the home with a Connecticut Housing Finance Authority-issued mortgage for qualified first-time homebuyers. The abatement may be for up to five assessment years and must be approved by the municipality's legislative body or, in a town in which the legislative body is a town meeting, by the board of selectmen.

Under the bill, a residential property is a single-family residential dwelling that is the owner's principal residence.

EFFECTIVE DATE: October 1, 2022, and applicable to assessment years beginning on or after that date.

COMMITTEE ACTION

Housing Committee

Joint Favorable Substitute

Yea 15 Nay 0 (03/10/2022)