

# OFFICE OF FISCAL ANALYSIS

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sSB-202

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

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### ***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:***

<b>Municipalities</b>	<b>Effect</b>	<b>FY 23 \$</b>	<b>FY 24 \$</b>
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.<sup>1</sup> 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***

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<sup>1</sup> 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.

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