



Senate

General Assembly

File No. 665

January Session, 2023

Senate Bill No. 939

Senate, May 1, 2023

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the 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, 2023, and applicable to assessment*
2 *years commencing on or after October 1, 2023*) 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 not more
5 than five hundred dollars per assessment year, for no longer than five
6 assessment years, the real property taxes due upon a residential
7 property owned by a person who purchased such property with funds
8 provided to qualified first-time homebuyers by the Connecticut
9 Housing Finance Authority and which property is encumbered by a
10 mortgage in favor of the Connecticut Housing Finance Authority. For
11 the purposes of this section, "residential property" means a single-family
12 residential dwelling that is the principal residence of the owner of such
13 property.

| | | |
|---|---|-------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>October 1, 2023, and applicable to assessment years commencing on or after October 1, 2023</i> | New section |

HSG *Joint Favorable C/R* FIN

FIN *Joint Favorable*

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 24 \$ | FY 25 \$ |
|------------------------|------------------------|-----------------|-----------------|
| Various Municipalities | Potential Revenue Loss | See Below | See Below |

Explanation

The bill results in a potential revenue loss beginning in FY 24 to any municipality that chooses to abate up to \$500 in property taxes, for up to five years, for homeowners with a first-time home buyer mortgage purchased via the Connecticut Housing Finance Authority (CHFA).

The revenue loss for each municipality will vary based on the amount of the abatement and the number of eligible homeowners. It is estimated that there are approximately 24,600 homeowners across the state with the specified type of CHFA mortgage¹. If all municipalities implemented a maximum \$500 abatement, the revenue loss cumulatively to all municipalities would be approximately \$12.3 million annually. If any municipality chooses not to offer the abatement, it will have no revenue loss associated with the bill, and the total revenue loss among municipalities will be lower.

¹ CHFA has 24,601 outstanding first-time home buyer mortgages as of December 31, 2022 and 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.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of municipalities that implement the abatement, the amount of the abatement, and the number of CHFA first-time homebuyers in such municipalities.

OLR Bill Analysis**SB 939****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 (1) owned by someone who purchased it with a Connecticut Housing Finance Authority-issued mortgage for qualified first-time homebuyers and (2) that is encumbered by this mortgage. The abatement can last a maximum of 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, 2023, and applicable to assessment years beginning on or after that date.

BACKGROUND***Related Bill***

HB 6558 (File No. 129), reported favorably by the Planning and Development Committee, contains nearly identical provisions.

COMMITTEE ACTION

Housing Committee

Joint Favorable Change of Reference - FIN
Yea 15 Nay 1 (03/07/2023)

Finance, Revenue and Bonding Committee

Joint Favorable
Yea 51 Nay 0 (04/18/2023)