

# Connecticut General Assembly



## OFFICE OF FISCAL ANALYSIS

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December 13, 2011

TO: Senator Andrew Roraback  
Representative Paul Davis  
Co-Chairs, Regulations Review Committee

FROM: Alan Calandro, Director *AC*

SUBJECT: Review of Agenda Items for the December 20, 2011 Meeting

OFA has reviewed the state and municipal fiscal impact of the one submitted item on the agenda (2011-030) for the above meeting.<sup>1</sup> The following table summarizes our review.

Reg. #	Agency	Is Agency Estimate of State Impact Reasonable?	Is Agency Estimate of Municipal Impact Reasonable?	Did Agency Submit a Small Business Impact Statement? <sup>2</sup>	Did Agency Submit a Regulatory Flexibility Analysis? <sup>3</sup>
2011-030	DCP	Yes	Yes	Yes	No

<sup>1</sup> CGS Section 2-71c(c)(7) requires OFA to prepare "short analyses of the costs and long range projections of ... proposed agency regulations."

<sup>2</sup> PA 09-19 requires agencies to prepare a small business impact statement on all regulation submittals, effective October 1, 2009.

<sup>3</sup> CGS 4-168(a) requires agencies to prepare a regulatory flexibility analysis statement on all regulation submittals when there is an impact on small businesses.

Please contact me if you have any questions or would like additional information.

AC: lmk

Regs-Dec20,11-concur

Office of Fiscal Analysis

# AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION

Agency Submitting Regulation: Department of Consumer Protection

Date: 03-17-2010

Subject Matter of Regulation: The Real Estate Property Condition Disclosure Form

Regulation Section No.: 20-327b-1 and 20-327-b-1a

Statutory Authority: 20-327b(d) as amended by Public Act 2009-127.

Other Agencies Affected: n/a

Effective Date Used In Cost Estimate: Upon Passage (Filing with the Secretary of the State).

Estimate Prepared By: Jerry P. Padula, Esq. - DCP Legal Telephone No.: 860-713-6087

## SUMMARY OF COST AND REVENUE IMPACT OF PROPOSED REGULATION

Agency: Department of Consumer Protection Fund Affected: n/a

	First Year	Second Year	Full Operation
Number of Positions	n/a	n/a	n/a
Personal Services	\$0	\$0	\$0
Other Expenses	\$0	\$0	\$0
Equipment	\$0	\$0	\$0
Grants	\$0	\$0	\$0
Total State Cost or (Savings)	\$0	\$0	\$0
Estimated Revenue Gain or (Loss)	\$0	\$0	\$0
Total Net State Cost or (Savings)	\$0	\$0	\$0

### Explanation of State Impact of Regulation:

No fiscal impact is anticipated. The Department of Consumer Protection currently sets forth the Residential Real Estate Property Condition Disclosure Form via Section 20-327b-1 of the Regulations. Section one of the proposed regulation eliminates the form that is currently found in a pre-printed format in the Regulations. In place of the current pre-printed form, section two details the contents of the form, including updates mandated by Public Act 2009-127.

### Explanation of Municipal Impact of Regulation:

No impact on municipalities is anticipated. The Department has jurisdiction over these regulations.

### Explanation of Small Business Impact of Regulation:

Please see the Department's Small Business Impact Statement for more details.

## SMALL BUSINESS IMPACT STATEMENT

Prior to adopting a new section or amendment, Section 4-168a of the Connecticut General Statutes (C.G.S.) requires that each state agency consider the affect of such action on small businesses as defined in C.G.S. Section 4-168a. When such a regulatory action may have an adverse affect on small businesses, C.G.S. Section 4-168a directs the agency to consider regulatory requirements that will minimize the adverse impacts on small businesses if the addition of such requirements (1) will not interfere with the intended objectives of the regulatory action and (2) will allow the new section or amendment to remain consistent with public health, safety and welfare.

State Agency submitting proposed Regulation: Department of Consumer Protection

Subject matter of Regulation: The Real Estate Property Condition Disclosure Form

In accordance with C.G.S. Section 4-168a, staff analyzed the affect on small businesses of the proposed regulations on March 17, 2010 and determined the following:

**True False (Check all appropriate boxes):**

- The regulatory action will not have an affect on small businesses.
- The regulatory action will have an affect on small businesses, but will not have an adverse affect on such small businesses.
- The regulatory action may have an adverse affect on small businesses, and no alternative considered would be both as effective in achieving the purpose of the action and less burdensome to potentially affected small business. Alternatives considered include the following:
- (1) The establishment of less stringent compliance or reporting requirements for small businesses;
  - (2) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
  - (3) The consolidation or simplification of compliance or reporting requirements for small businesses;
  - (4) The establishment of performance standards for small businesses to replace design or operational standards required in the new section or amendment; and
  - (5) The exemption of small businesses from all or any part of the requirements contained in the new section or amendment.
- The regulatory action will have an adverse affect on small businesses that cannot be minimized in a manner that is consistent with public health, safety and welfare.

The State agency listed above notified the Department of Economic and Community Development of its intent to take the proposed action and completed the Agency Fiscal Estimate of Proposed Regulations.

### Explanation of Small Business Impact of Regulation:

The Residential Real Estate Property Condition Disclosure Form is drafted and disseminated by the Department of Consumer Protection pursuant to statute. The proposed regulation, following the statutory mandates of

Public Act 09-127, adds additional questions that are to be asked of all sellers of residential real property whenever a transaction is subject to the statute.

This proposed regulation requires all sellers to be asked the additional questions about the property. In the statute and corresponding regulations, there are no differentiations made between individual sellers, partnerships, families, LLC or LLP entities, or corporations, except that sales between certain family members are exempted from the statute and the requirement that the seller complete the Property Condition Disclosure Form.

Since the cost of completing the form with the new required questions will not lead to increased costs, we anticipate no additional costs for small businesses.

**Estimated number of firms defined as “small businesses” per Public Act 09-19 (with fewer than 75 full-time employees) to be affected by proposed regulation:**

**Not applicable**

(The proposed regulation impacts any seller of real property under the conditions set forth in the statute.)

**Estimated cost of proposed regulation on small businesses: none.**