

HOMEOWNERSHIP MATTERS

Reject increased taxes on real estate transactions.

- Connecticut is facing the worst budget crisis of our lifetimes, and the Governor and legislature must make some difficult choices to close a \$3.2 billion budget deficit. Relying on tax increases alone will hinder job creation and business expansion, while deep budget cuts could harm needed programs.

While we can agree that there is a need for “shared sacrifice” to balance the state budget, the tax increases currently proposed would fall disproportionately on real estate transactions.

- The proposed budget includes up to \$154 million projected new revenue on real estate sales.

- **Real estate conveyance taxes are regressive, targeted, and unfair.**

Seller’s tax –Under the budget agreement reached by the Governor and Democrats in the House and Senate, temporary increases in the real estate conveyance tax, first approved in 2003, would be made permanent.

In addition, the proposed budget would raise the state portion of the conveyance tax by 0.25 percent to 0.75 percent, with the proceeds to be re-distributed to towns.

This provision would amount to a 50% increase to the state sales tax on homes statewide bringing the total municipal and state conveyance taxes to 1 percent in most cities and towns, and higher in the state’s 18 distressed communities.

Buyer’s tax -- Another legislative proposal would impose a new levy on real estate buyers at up to a 1 percent tax of the sales price over \$150,000.

- Taxes based on price are regressive and not based on ability to pay. In the current market, many sellers have little to no equity in property; buyers could be priced out with the additional taxes. This will impact both first time and moderate income buyers struggling to put together a down payment, as well as sellers who are having financial difficulties.
- Taxing buyers and sellers double taxes the same transaction.
- Cities and towns argue conveyance taxes prevent raising property taxes – but taxing real estate transactions is only a more targeted property tax.
- Real estate conveyance taxes are unpredictable and unreliable. According to the state Office of Legislative Research, conveyance tax revenues dropped to \$82 million in 2009 from a high of \$201 million in 2001.
- The real estate market is the cornerstone of the economy – taxes that will increase the cost of purchasing a home will hinder our economic recovery resulting in further job loss.

Contact your lawmakers now and tell them not to hurt homebuyers and sellers by increasing taxes on real estate sales. Go to www.cga.ct.gov