

House Republican Press Release

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Reps Hamzy, Burns: First-Time Homebuyer Bill Will Help Stem CT Brain Drain



Proposal Would Help Thousands of CT College Graduates Buy Their First Home

A House Republican initiative that would enable thousands of recent college graduates to buy their first home would encourage more young people to live and work in Connecticut and help stem the loss of young workers to other states, state Representatives William A. Hamzy and Ron Burns said today.

“Although 44 percent of business executives throughout Connecticut who responded to a recent survey by the Connecticut Business and Industry Association said they plan to increase the size of their work forces over the next several months, 66 percent of them said finding new or replacement workers would be difficult. One of the main reasons for the shortage of qualified workers is that housing prices in Connecticut are so high that they are beyond the reach of younger workers, which forces them to seek employment in other states where housing prices and the cost of living are lower,” said Representative Hamzy, R-78th District, one of the original sponsors of the legislation. “Our proposal would make home ownership affordable for thousands of recent Connecticut college graduates who currently are priced out of the market.”

“Since 2000, Connecticut has lost a higher percentage of its 25 to 34-year old population than any other state in the country. In 2005, between 5,000 and 6,000 residents attending our state universities left Connecticut after graduation to find work somewhere else. Those are frightening statistics that do not bode well for our economic future. Finding affordable housing is a major concern for recent college graduates. As a parent with a daughter in college who would like to see her find a job in Connecticut and as a legislator who wants to reverse our state’s brain drain, I strongly support this legislation,” said Representative Burns, R-77th District, who cosponsored the bill.

The measure would create a first-time homebuyer trust fund derived from state income taxes paid by recent graduates of Connecticut institutions of higher learning. Participants in the program, which would be managed by the state treasurer, could access money from the fund only once within 10 years after graduation and only for the purpose of buying their first home in Connecticut, they said.

Under the ‘Learn Here, Live Here’ proposal (HB 5490):

- Income taxes paid by graduates of Connecticut higher education institutions would be deposited into their accounts within the First-Time Homebuyer Trust

Fund. The taxes graduates would pay over the years would become a form of savings account from which they could withdraw funds for the purchase of a home in Connecticut.

- Individuals who graduate from accredited public or private institutions of higher education in Connecticut that award associate's degrees, bachelor's degrees, master's degrees, and PhDs, beginning with the class of 2007, would be eligible for the program.
- Single filers who participate in the program would automatically contribute the lesser of their state income tax liability or \$3,000. The cap would be \$6,000 for joint filers.
- Participants could access the cash in their accounts only one time within 10 years after their graduation. If, after 10 years, money had not been withdrawn from their accounts, the funds would be transferred to the state's general fund.

The program would be open to Connecticut residents who pay state income taxes. If participants move out of state, they would not be eligible to contribute to their accounts. However, their accounts would remain open, and if they moved back to Connecticut, they could once again deposit their state income taxes into the account, as long as the 10-year time limit has not expired.