

House Republican Press Release

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AREA LEGISLATORS BACK MEASURE TO LOWER CONVEYANCE TAX, CONTINUE TO PROVIDE REVENUE TO MUNICIPALITIES



HARTFORD- State Senate Minority Leader **John McKinney**, (R-28), and State Sens. **Dan Debicella** (R-21) **Robert Russo** (R-22) and State Rep. **DebraLee Hovey** (R-112) today said that a Republican budget plan introduced Wednesday, May 21 would provide additional revenues to towns while lowering the state conveyance tax to ease the burden on state taxpayers.

The state's conveyance tax, which is added to the cost of real estate transactions, was increased when the state hit difficult fiscal times several years ago and designed as a temporary measure. However, efforts to 'sunset' the increase in the tax have been resisted by the majority party.

The plan supported by Sens. McKinney, Debicella, Russo and Rep. Hovey would lower the conveyance tax rate without lowering state aid to municipalities. This would be accomplished by keeping the municipal portion of the conveyance tax intact, while reducing the state portion (.5% on residential real estate sales under \$800,000) by .15%.

The savings to taxpayers is equal to savings that would be achieved if the conveyance tax were to sunset. It would be paid by implementing a Tax Amnesty program. The budget plan builds upon a budget proposal introduced in April by Senate and House Republicans in contrast to majority party leaders, who have chosen not to make adjustments to the second year of the biennial budget for the first time since the early 1990s.

"We should not be talking about raising taxes at a time when jobs and people are leaving the state, the housing market is slowing, and gas prices are rising. In 2002, we made a promise to sunset the conveyance tax. The people of Connecticut expect us to keep our promises and I intend to do just that," said **Senator McKinney**. "In an interest to help out our towns and cities, we have offered a proposal that lowers the conveyance tax rate for homeowners, as promised, yet does so at no cost to our municipalities. Our proposal is truly a win-win solution for everyone."

"Our plan will keep municipalities whole, while reducing the conveyance tax on homeowners," said **Senator Debicella**. "The conveyance tax is a hidden tax that hits people when they sell their homes-- and with home prices dropping it is especially

painful. When the rate was raised in 2003, politicians promised this tax would be temporary-- we need to keep that promise."

"The Republican budget proposal keeps the promise to reduce the conveyance tax while at the same time understanding that our towns have not prepared for and cannot afford a reduction in revenue this year," **said Senator Russo**. "However, no town that counts on the conveyance tax being extended indefinitely can also claim they are practicing responsible budgeting. The conveyance tax was always intended as a 'temporary fix' and ultimately should sunset to its pre-2003 rate. Our Mayors and First Selectmen should not be asking us to raise state taxes at a time when families across Connecticut are facing steep increases in the price of everything from gasoline to groceries."

"I am extremely disappointed that Monroe and Newtown's First Selectmen took information supplied from the Conference of Municipalities at face value when it was well known that there were other options available regarding revenues to towns without further hurting the taxpayers," **said Rep. Hovey**. "Given the fluctuations in the real estate market, towns should never put tremendous dependence on the conveyance tax to begin with. This is a tax that hits first time home buyers especially hard -- making it even harder for them to achieve the American Dream, really hurts our economy and should be repealed."

Editor's Note: Sen. McKinney represents the Towns of Fairfield, Easton, Weston, and Newtown in the Legislature. Sen. Russo represents the City of Bridgeport and Towns of Monroe and Trumbull in the Legislature. Sen. DeBicella represents the Towns of Stratford, Shelton, Monroe, and Seymour in the Legislature, Rep. Hovey represents Monroe and Newtown in the Legislature.