



House of Representatives

General Assembly

File No. 855

January Session, 2025

Substitute House Bill No. 5979

House of Representatives, May 8, 2025

The Committee on Finance, Revenue and Bonding reported through REP. HORN of the 64th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT EXEMPTING CONVEYANCES AND SALES OR TRANSFERS OF CONTROLLING INTEREST TO PUBLIC HOUSING AUTHORITIES FROM THE REAL ESTATE CONVEYANCE TAX AND THE CONTROLLING INTEREST TRANSFER TAX.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-498 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2025, and*
3 *applicable to conveyances made on or after July 1, 2025*):

4 (a) The tax imposed by section 12-494 shall not apply to:

5 (1) Deeds that this state is prohibited from taxing under the
6 Constitution or laws of the United States;

7 (2) Deeds that secure a debt or other obligation;

8 (3) Deeds to which this state or any of its political subdivisions or its
9 or their respective agencies is a party;

- 10 (4) Tax deeds;
- 11 (5) Deeds of release of property that is security for a debt or other
12 obligation;
- 13 (6) Deeds of partition;
- 14 (7) Deeds made pursuant to mergers of corporations;
- 15 (8) Deeds made by a subsidiary corporation to its parent corporation
16 for no consideration other than the cancellation or surrender of the
17 subsidiary's stock;
- 18 (9) Deeds made pursuant to a decree of the Superior Court under
19 section 46b-81, 49-24 or 52-495 or pursuant to a judgment of foreclosure
20 by market sale under section 49-24 or pursuant to a judgment of loss
21 mitigation under section 49-30t or 49-30u;
- 22 (10) Deeds, when the consideration for the interest or property
23 conveyed is less than two thousand dollars;
- 24 (11) Deeds between affiliated corporations, provided both of such
25 corporations are exempt from taxation pursuant to paragraph (2), (3) or
26 (25) of Section 501(c) of the Internal Revenue Code of 1986, or any
27 subsequent corresponding internal revenue code of the United States,
28 as amended from time to time;
- 29 (12) Deeds made by a corporation that is exempt from taxation
30 pursuant to paragraph (3) of Section 501(c) of the Internal Revenue Code
31 of 1986, or any subsequent corresponding internal revenue code of the
32 United States, as amended from time to time, to any corporation which
33 is exempt from taxation pursuant to [said] paragraph (3) of said Section
34 501(c);
- 35 (13) Deeds made to any nonprofit organization that is organized for
36 the purpose of holding undeveloped land in trust for conservation or
37 recreation purposes;
- 38 (14) Deeds between spouses;

39 (15) Deeds of property for the Adriaen's Landing site or the stadium
40 facility site, for purposes of the overall project, each as defined in section
41 32-651;

42 (16) Land transfers made on or after July 1, 1998, to a water company,
43 as defined in section 16-1, provided the land is classified as class I or
44 class II land, as defined in section 25-37c, after such transfer;

45 (17) Transfers or conveyances to effectuate a mere change of identity
46 or form of ownership or organization, where there is no change in
47 beneficial ownership;

48 (18) Conveyances of residential property that occur not later than six
49 months after the date on which the property was previously conveyed
50 to the transferor if the transferor is (A) an employer that acquired the
51 property from an employee pursuant to an employee relocation plan, or
52 (B) an entity in the business of purchasing and selling residential
53 property of employees who are being relocated pursuant to such a plan;

54 (19) Deeds in lieu of foreclosure that transfer the transferor's principal
55 residence;

56 (20) Any instrument that transfers the transferor's principal residence
57 where the gross purchase price is insufficient to pay the sum of (A)
58 mortgages encumbering the property transferred, and (B) any real
59 property taxes and municipal utility or other charges for which the
60 municipality may place a lien on the property and that have priority
61 over the mortgages encumbering the property transferred;

62 (21) Deeds that transfer the transferor's principal residence, where
63 such residence has a concrete foundation that has deteriorated due to
64 the presence of pyrrhotite and such transferor has obtained a written
65 evaluation from a professional engineer licensed pursuant to chapter
66 391 indicating that the foundation of such residence was made with
67 defective concrete. The exemption authorized under this subdivision
68 shall (A) apply to the first transfer of such residence after such written
69 evaluation has been obtained, and (B) not be available to a transferor

70 who has received financial assistance to repair or replace such
71 foundation from the Crumbling Foundations Assistance Fund
72 established under section 8-441; [and]

73 (22) Deeds of property with dwelling units where all such units are
74 deed restricted as affordable housing, as defined in section 8-39a. For
75 deeds of property with dwelling units where a portion of such units are
76 subject to such deed restrictions, the exemption authorized under this
77 subdivision shall apply only with respect to the dwelling units subject
78 to such deed restrictions and such exemption shall be reduced
79 proportionally based on the number of units not subject to such deed
80 restrictions; and

81 (23) Deeds made to a public housing authority in the state.

82 (b) The tax imposed by subdivision (1) of subsection (a) of section 12-
83 494 shall not apply to:

84 (1) Deeds of the principal residence of any person approved for
85 assistance under section 12-129b or 12-170aa for the current assessment
86 year of the municipality in which such person resides or to any such
87 transfer that occurs within fifteen months of the completion of any
88 municipal assessment year for which such person qualified for such
89 assistance;

90 (2) Deeds of property located in an area designated as an enterprise
91 zone in accordance with section 32-70; and

92 (3) Deeds of property located in an entertainment district designated
93 under section 32-76 or established under section 2 of public act 93-311.

94 Sec. 2. Section 12-638b of the general statutes is repealed and the
95 following is substituted in lieu thereof (*Effective July 1, 2025, and*
96 *applicable to sales or transfers occurring on or after July 1, 2025*):

97 (a) (1) There is hereby imposed a tax on the sale or transfer of a
98 controlling interest in any entity [which] that possesses, directly or
99 indirectly, an interest in real property in this state when the present true

100 and actual value of the interest in real property equals or exceeds two
101 thousand dollars, payable by the person selling or transferring such
102 controlling interest, at the rate of one and eleven one-hundredths of one
103 per cent of the present true and actual value of the interest in real
104 property possessed, directly or indirectly, by such entity.

105 (2) A taxable sale or transfer of a controlling interest may occur in one
106 transaction or in a series of transactions. Transactions [which] that occur
107 within six months of each other are presumed, unless shown to the
108 contrary, to be a series of transactions.

109 (3) A taxable sale or transfer of a controlling interest may be made by
110 one seller or transferor or may be made by a group of sellers or
111 transferors acting in concert. Sellers or transferors who are related to
112 each other by blood or marriage are presumed, unless shown to the
113 contrary, to be acting in concert.

114 (b) The tax imposed by subsection (a) of this section [(1)] shall not
115 apply to (1) any sale or transfer of a controlling interest in any entity to
116 the extent such entity possesses, directly or indirectly, an interest in real
117 property located in an area of any municipality designated as an
118 enterprise zone in accordance with section 32-70, but shall apply to the
119 extent such entity possesses, directly or indirectly, an interest in real
120 property in this state located outside such area designated as such an
121 enterprise zone, [and] (2) [shall not apply to] any sale or transfer of a
122 controlling interest in any entity to effectuate a mere change of identity
123 or form of ownership or organization where there is no change in
124 beneficial ownership, or (3) any sale or transfer of a controlling interest
125 in any entity to a public housing authority in the state.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2025, and applicable to conveyances made on or after July 1, 2025</i>	12-498

Sec. 2	<i>July 1, 2025, and applicable to sales or transfers occurring on or after July 1, 2025</i>	12-638b
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Statement of Legislative Commissioners:

The title was changed.

FIN *Joint Favorable Subst. -LCO*

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:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Revenue Serv., Dept.	GF - Revenue Loss	2.2 million	2.2 million

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 26 \$	FY 27 \$
All Municipalities	Revenue Loss	Potential	Potential

Explanation

The bill, which exempts public housing authorities from (1) real estate conveyance taxes¹ and (2) the controlling interest transfer tax, results in a General Fund revenue loss of approximately \$2.2 million annually beginning in FY 26.

The bill also results in a revenue loss to municipalities by exempting certain deeds from the municipal real estate conveyance tax and exempting certain sales or transfers from the controlling interest transfer tax.^{2,3}

The Out Years

The annualized ongoing fiscal impact identified above would

¹ There is both a state and municipal real estate conveyance tax; the bill exempts public housing authorities from each.

² The conveyance tax has a municipal component and ranges from 1% to 2.75%.

³ The controlling interest tax is 1.11% and is first collected by the state. The state then remits 0.11% to the municipality in which the property is located.

continue into the future subject to inflation.

Sources: Council of Large Public Housing Authorities "Public Housing Facts"
Federal Reserve Bank of St. Louis Housing Inventory Estimates

OLR Bill Analysis**HB 5979*****AN ACT EXEMPTING CONVEYANCES AND SALES OR TRANSFERS OF CONTROLLING INTEREST TO PUBLIC HOUSING AUTHORITIES FROM THE REAL ESTATE CONVEYANCE TAX AND THE CONTROLLING INTEREST TRANSFER TAX.*****SUMMARY**

This bill exempts (1) any deeds made to a public housing authority from the real estate conveyance tax and (2) sales or transfers of a controlling interest in any entity to a public housing authority from the controlling interest transfer tax.

EFFECTIVE DATE: July 1, 2025, and applicable to conveyances or sales or transfers, as applicable, made on or after that date.

BACKGROUND***Real Estate Conveyance Tax***

State law generally requires a person who sells real property for at least \$2,000 to pay a tax on the property's conveyance. The tax has a state and municipal component and ranges from 1% to 2.75% of the sales price, depending on the property type and the municipality in which the property is located. The seller must pay the tax before the deed can be recorded.

Controlling Interest Transfer Tax

The controlling interest transfer tax applies to transfers of real property that are not covered by the real estate conveyance tax. Specifically, it applies when Connecticut real estate valued at \$2,000 or more is transferred through the sale or transfer of a controlling interest (more than 50%) of the business entity (e.g., corporation, partnership, association, or trust) that owns the property. Because these transfers are due to the transfer of interests in the property, rather than the transfer

of a deed, the conveyance tax does not apply to them. The tax rate is 1.11% of the property's "present true and actual value." The state remits 0.11% to the municipality in which the property is located and keeps the remaining 1%.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 36 Nay 16 (04/24/2025)