
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)