

Capitol Region Council of Governments

241 Main St., Hartford, CT 06106

Phone: (860) 522-2217 FAX: (860) 724-1274

Web Page: www.crcog.org

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TO: CHAIRMEN AND MEMBERS OF FINANCE, REVENUE AND BONDING

FROM: DAVID KILBON, CHAIR, CRCOG AND FIRST SELECTMAN, EAST GRANBY
LYLE D. WRAY, PHD, EXECUTIVE DIRECTOR, CRCOG

SUBJECT: SUPPORT FOR RAISED BILL NO. 7330, AN ACT CONCERNING REAL ESTATE CONVEYANCE TAXES

The Capitol Region Council of Governments (CRCOG) is the regional planning organization serving the City of Hartford and the 28 surrounding suburban and rural communities. We have been tracking the issue of Real Estate Conveyance Taxes very closely in recent years and strongly support the extension of the tax through July 1, 2009.

In 2005, the 29 towns making up CRCOG would have lost almost \$6 million per year if the Conveyance Tax extension had not been passed (according to OFA analysis). This type of revenue loss cuts across municipalities, from small towns to big cities. Towns use this revenue to meet their obligations to fund K-12 education, public safety, transportation and other essential local services.

CRCOG's municipalities stand to lose much more than \$6 million in 2007 due to increased development in the Capitol Region. In a challenging budget year, a multi-million dollar loss is real and adds to other negative impacts in many of our towns. The cuts to many municipal service areas proposed in this year's budget make the Conveyance Tax even more essential.

As a result, we strongly support continuation of the conveyance tax at its current level. The conveyance tax has no effect on state revenues. There has also been no evidence of adverse impact on real estate sales or prices from the current level of the conveyance tax. We would urge passage of House Bill 7330 to extend this valuable tool our towns and others in the state use to cope with rising costs and limited resources.