



House of Representatives

General Assembly

File No. 35

February Session, 2024

House Bill No. 5167

House of Representatives, March 14, 2024

The Committee on Planning and Development reported through REP. KAVROS DEGRAW of the 17th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING PROPERTY TAX ABATEMENT FOR CERTAIN FIRST-TIME HOMEBUYERS.

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

1 Section 1. (NEW) (*Effective October 1, 2024, and applicable to assessment*
2 *years commencing on or after October 1, 2024*) Any municipality may, upon
3 approval by its legislative body or, in any town in which the legislative
4 body is a town meeting, by the board of selectmen, abate by not more
5 than five hundred dollars, for not longer than five assessment years, the
6 real property taxes due upon a residential property owned by a person
7 who purchased such property with funds provided to qualified first-
8 time homebuyers by the Connecticut Housing Finance Authority and
9 which property is encumbered by a mortgage in favor of the
10 Connecticut Housing Finance Authority. For the purposes of this
11 section, "residential property" means a single-family residential
12 dwelling that is the principal residence of the owner of such property.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2024, and applicable to assessment years commencing on or after October 1, 2024</i>	New section

PD *Joint Favorable*

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: None

Municipal Impact:

Municipalities	Effect	FY 25 \$	FY 26 \$
Various Municipalities	Potential Revenue Loss	See Below	See Below

Explanation

The bill results in a potential revenue loss beginning in FY 25 to any municipality that chooses to abate up to \$500 in property taxes, for up to five years, for homeowners with a first-time home buyer mortgage purchased via the Connecticut Housing Finance Authority (CHFA).

The revenue loss for each municipality will vary based on the amount of the abatement and the number of eligible homeowners. It is estimated that there are approximately 26,400 homeowners across the state with the specific type of CHFA mortgage¹. If all municipalities implemented a maximum \$500 abatement, the revenue loss cumulatively to all municipalities would be approximately \$13.2 million annually. If any municipality chooses not to offer the abatement, it will have no revenue loss associated with the bill, and the total revenue loss among municipalities will be lower.

The Out Years

¹ CHFA has 26,399 outstanding first-time home buyer mortgages as of December 31, 2023. It is assumed that each of those people would be eligible for the abatement established by the bill if their municipality chose to offer it.

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of municipalities that implement the abatement, the amount of the abatement, and the number of CHFA first-time homebuyers in such municipalities.

OLR Bill Analysis

HB 5167

AN ACT CONCERNING PROPERTY TAX ABATEMENT FOR CERTAIN FIRST-TIME HOMEBUYERS.

SUMMARY

This bill allows municipalities to abate up to \$500 in property taxes per assessment year on a residential property owned by someone who purchased it with a Connecticut Housing Finance Authority-issued mortgage for first-time homebuyers. The property must be encumbered by the mortgage and the abatement may be for up to five assessment years. The abatement must be approved by the municipality’s legislative body or, in a town in which the legislative body is a town meeting, by the board of selectmen.

Under the bill, a residential property is a single-family dwelling that is the owner’s principal residence.

EFFECTIVE DATE: October 1, 2024, and applies to assessment years beginning on or after that date.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 20 Nay 0 (03/01/2024)