



SPONSOR: Sen. Huxtable & Sen. Lockman & Rep. Lambert &
Rep. Bush & Rep. K. Johnson & Rep. Parker Selby
Sens. Gay, Hansen, Hoffner, Townsend; Reps.
Baumbach, Briggs King, S. Moore

DELAWARE STATE SENATE
152nd GENERAL ASSEMBLY

SENATE BILL NO. 88

AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO THE REALTY TRANSFER TAX.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend § 5402, Title 30 of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underline as follows:

3 § 5402. Rate of tax; when payable; exception [For application of this section, see 81 Del. Laws, c. 56, § 2 and 81
4 Del. C. 384, § 3].

5 (a) Every person who makes, executes, delivers, accepts or presents for recording any document, except as defined
6 or described in § 5401(5) of this title, or in whose behalf any document is made, executed, delivered, accepted or presented
7 for recording shall be subject to pay for and in respect to the transaction, or any part thereof, a realty transfer tax at the rate
8 of 3 percent of the value of the property represented by such document, unless the municipality or county where the
9 property is located has enacted the full 1½ percent realty transfer tax authorized by § 1601 of Title 22 or § 8102 of Title 9,
10 in which case 2½ percent, which tax shall be payable at the time of making, execution, delivery, acceptance or presenting of
11 such document for recording. Said tax is to be apportioned equally between grantor and grantee.

12 (c)(1) Notwithstanding subsection (a) of this section, for any first-time home buyer who enters into a transaction,
13 on or after August 1, 2017, but before [the effective date of this Act], who would otherwise be subject to the rate of tax set
14 forth in subsection (a) of this section, that portion of the realty transfer tax payable by the first-time home buyer shall be
15 reduced by an amount equal to ½ percent multiplied by the lesser of the value of the property or \$400,000.

16 (2) Notwithstanding subsection (a) of this section, for any first-time home buyer who enters into a transaction
17 on or after [the effective date of this Act], who would otherwise be subject to the rate of tax set forth in subsection (a)
18 of this section, that portion of the realty transfer tax payable by the first-time home buyer is as follows:

19 a. For property valued at or below \$250,000, the rate of tax set forth in subsection (a) of this section is
20 reduced to 0%.

21 b. For property valued from \$250,001 through \$300,000, the rate of tax set forth in subsection (a) of this
22 section is reduced to 0.25%.

23 c. For property valued from \$300,001 through \$350,000, the rate of tax set forth in subsection (a) of this
24 section is reduced to 0.50%.

25 d. For property valued from \$350,001 through \$400,000, the rate of tax set forth in subsection (a) of this
26 section is reduced to 0.75%.

27 e. For property valued from \$400,001 through \$999,999, the rate of tax set forth in subsection (a) of this
28 section is reduced by an amount equal to 0.50% multiplied by \$400,000.

29 f. For property valued at \$1,000,000 or more, the rate of tax set forth in subsection (a) of this section is as
30 set forth in subsection (a) of this section.

31 (3) The first-time home buyer reduction set forth in this subsection shall apply to the grantee's portion of the
32 realty transfer tax as defined in subsection (a) of this section and shall not relieve the grantor from payment of the
33 grantor's portion of the realty transfer tax as defined in subsection (a) of this section.

SYNOPSIS

This Act alters the State realty transfer tax credit offered to first-time home buyers.

Currently, there is a 0.50% reduction in the State realty transfer tax for first-time home buyers for the first \$400,000 of value of the property.

This Act completely exempts the first \$250,000 of value of property purchased by a first-time home buyer from their portion of the State realty transfer tax and removes the first-time homebuyer tax credit for property valued at \$1,000,000 or more. Between \$250,000 and \$1,000,000, this Act establishes the realty transfer tax applicable to a first-time homebuyer as follows:

(1) For property valued from \$250,001 through \$300,000, the realty transfer tax is reduced to 0.25%.

(2) For property valued from \$300,001 through \$350,000, the realty transfer tax is reduced to 0.50%.

(3) For property valued from \$350,001 through \$400,000, the realty transfer tax is reduced to 0.75%.

(4) For property valued from \$400,001 through \$999,999, the realty transfer tax is reduced by an amount equal to 0.50% multiplied by \$400,000. This provides property valued from \$400,001 through \$999,999 the current realty transfer tax credit offered to first-time home buyers.

This Act also makes technical corrections to conform existing law to the standards of the Delaware Legislative Drafting Manual.

Author: Senator Huxtable