149th GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**HOUSE BILL NO. 380**
SPONSOR:	**Representative Schwartzkopf**
DESCRIPTION:	**AN ACT TO AMEND TITLES 9 AND 30 OF THE DELAWARE CODE RELATING TO REALTY TRANSFER TAX.**

Assumptions:

1. Effective upon signature of the Governor.

2. This Bill creates a state first-time homebuyer tax credit that effectively eliminates the homebuyer's share of the 1% increase in the Realty Transfer Tax that became effective August 1, 2017 up to the first $400,000 in home value. The 1.0% increase was divided equally between the grantor and the grantee. Therefore, first-time homebuyers will receive a credit of 0.5% on the first $400,000 in home value, with a maximum allowable credit of $2,000.

3. The Bill makes the first-time home buyer credit retroactive for home buyers who entered into contracts for a transfer of real estate on or after August 1, 2017. The credit applies solely to the first time home buyer's portion of the real estate transfer tax and sellers in any transaction with a first-time home buyer remain responsible for their portion of the transfer tax.

4. Department of Finance estimates on revenue loss are based on calendar year 2016 and 2017 home sales data provided by New Castle, Kent, and Sussex Counties and US Census Bureau population and median housing price trends from 2010 through 2015.

5. In 2017, roughly 3,600 first-time home buyer transactions were conducted state-wide with an average home price of $223,000. Revenue loss estimates assume an annual 1% growth in the number of first-time home buyers and an average annual growth in home prices of 2.3%, based on US Census Bureau trends.

6. Retroactivity payments for first time home buyers claiming credits for transactions after August 1, 2017 are assumed to be equally divided over the three year statute of limitations. Revenue loss estimates total $3.3 million.

Est. Revenue Loss:

Fiscal Year 2019: $5.2 million ($4.1 million ongoing + $1.1 million retroactivity)

Fiscal Year 2020: $5.4 million ($4.3 million ongoing + $1.1 million retroactivity)

Fiscal Year 2021: $5.5 million ($4.4 million ongoing + $1.1 million retroactivity)

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