



151st GENERAL ASSEMBLY
FISCAL NOTE

BILL: HOUSE BILL NO. 172
SPONSOR: Representative Yearick
DESCRIPTION: AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO REALTY TRANSFER TAX REDUCTION.

Assumptions:

1. This Act becomes effective upon signature by the Governor.
2. Upon signature, this Act becomes effective for all qualifying real estate closings completed after its enactment and sunsets on December 31, 2022.
3. This Act removes the state's realty transfer tax for first-time homebuyers whose gross income is less than \$45,000, or joint purchasers with gross income of less than \$75,000, for properties with values that do not exceed \$250,000.
4. The reduction established in this Act only applies to the grantee (buyer) portion of the state realty transfer tax, it does not apply to the grantor (seller) portion.
5. The current Realty Transfer tax rate received by the State is 2.5%. Of this amount the seller pays 1.25% and the buyer pays 1.25%. First time homebuyers receive a reduction of 0.5%, therefore their effective rate is 0.75%.
6. According to data from the Consumer Financial Protection Bureau there were 18,632 mortgages in Delaware in 2020. Of this amount 2,423 mortgages representing \$436,615,000 in value were within the income and property value thresholds contained within the Act.
7. According to data from the National Realtors Association, approximately 31 percent of all home purchases are by first time homebuyers. Given the specific income and property value thresholds, it is likely the percentage is much higher. For purposes of this analysis, it is assumed that 50 percent of home purchases within the income and property value thresholds are by first time homebuyers.

<u>Costs:</u>	General Fund Revenue Loss:
Fiscal Year 2022:	\$1.6 million
Fiscal Year 2023:	\$1.6 million
Fiscal Year 2024:	\$0

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Office of the Controller General