151st GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**HOUSE BILL NO. 358**
SPONSOR:	**Representative Bush**
DESCRIPTION:	**AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO DECREASING THE REALTY TRANSFER TAX.**

Assumptions:

1. This Act becomes effective upon signature by the Governor. Upon signature, this Act becomes effective for any real estate transfer occurring after July 1, 2022.

2. Currently, the state imposes a tax at the rate of 3.0% of the fair market value of the property divided equally between the grantor and grantee. Local governments are permitted to levy a tax of up to 1.5%. In cases in which the local levy exceeds 1.0%, the state rate decreases to 2.5%. With few exceptions, in practice, the state tax is levied at a rate of 2.5%, and the local taxes are levied at a rate of 1.5%, for a combined rate of 4.0%. First-time homebuyers are eligible for a reduction of 0.5%.

3. This Act provides for a 1.0% decrease in the rate of realty transfer tax to be received by the State, beginning in Fiscal Year 2023. This Act also eliminates the current 0.5% first-time homebuyer reduction.

4. Fiscal Year 2023 and 2024 revenue loss estimates are based on forecasts of realty transfer tax revenues as adopted by the Delaware Economic and Financial Advisory Council (DEFAC) at their March 2022 meeting. The Fiscal Year 2025 estimated revenue loss assumes four percent growth.

General Fund Revenue Loss:

Fiscal Year 2023: $114.0 million
Fiscal Year 2024: $113.1 million
Fiscal Year 2025: $118.0 million

Prepared by Robert Scoglietti
Office of the Controller General