151st GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**HOUSE BILL NO. 298**
SPONSOR:	**Representative Briggs King**
DESCRIPTION:	**AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO REALTY TRANSFER TAX.**

Assumptions:

1. This Act becomes effective upon the signature of the Governor.

2. This Act provides for a 0.5% decrease in the rate of realty transfer tax for those Delaware residents aged 65 or older who have resided in Delaware for at least 10 consecutive years and are selling their primary Delaware residence. The reduction provided by this Act is limited to 0.5% of the lesser of the selling price of the home or $400,000.

3. Currently, the state imposes a tax on the sale of real estate calculated 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%.

4. Based on data from senior property tax credit records, there will be an estimated 73,280 homes owned by individuals aged 65 and over for Fiscal Year 2023. For purposes of this analysis, it is assumed all of these individuals have resided in Delaware for at least 10 consecutive years.

5. This analysis assumes an average home price of $477,900 (average sales price nationally in the fourth quarter of 2021) which is over the selling price cap in the bill.

6. According to a survey from the American Advisors Group, 82% of the elderly do not intend to sell their homes. For the purposes of this analysis, it is assumed that 5 - 10% of those intending to sell their homes will do so annually while 2.5% of those not intending to sell their homes will do so annually.

General Fund Revenue Loss:

Fiscal Year 2023: $4.3 - $5.6 million
Fiscal Year 2024: $4.3 - $5.6 million
Fiscal Year 2025: $4.3 - $5.6 million

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