152nd GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**HOUSE BILL NO. 36**
SPONSOR:	**Representative Bush**
DESCRIPTION:	**AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO THE REALTY TRANSFER TAX.**

Assumptions:

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

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.

4. Fiscal Year 2024 and 2025 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 December 2022 meeting. The Fiscal Year 2026 estimated revenue loss assumes four percent growth.

General Fund Revenue Loss:

Fiscal Year 2024: $104.0 million
Fiscal Year 2025: $130.2 million
Fiscal Year 2026: $135.4 million

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