152nd GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**HOUSE BILL NO. 67**
SPONSOR:	**Representative Shupe**
DESCRIPTION:	**AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO THE REALTY TRANSFER TAX.**

Assumptions:

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

2. This Act creates an exemption from the realty transfer tax if one or more of the individuals subject to the tax in a transaction paid the realty transfer tax for a different transaction within the previous 12 months and filed personal income taxes using the addresses of both properties subject to the realty transfer tax to meet the requirements to be that individual's place of abode.

3. In March 2023, the Delaware Economic and Finance Advisory Council (DEFAC) adopted an estimate of FY 2024 General Fund realty transfer tax revenues of $221.5 million. Total FY 2024 revenues from the realty transfer tax are estimated to be $241.5 million, which includes $20.0 million of special fund transfers to the Open Space and Farmland Preservation programs. Of this amount, 60% is assumed to be derived from residential real estate transactions.

4. According to the National Association of Realtors, "2022 Profile of Home Buyers and Sellers", 26% of homebuyers are first-time homebuyers, and 87% of homebuyers are purchasing their home for their primary residence.

5. It is estimated that 50 – 75% of residential transactions involve a party transacting a purchase and sale within a twelve-month period.

6. The FY 2025 realty transfer tax revenue growth rate is assumed to be 16.2%, consistent with the March 2023 DEFAC estimate. The FY 2026 growth rate is assumed to be 10%.

7. The Department of Finance reports the need for 4.0 FTEs (1.0 Account Specialist, 2.0 Tax Auditor II, 1.0 Tax Audit Supervisor) to implement the necessary manual review of a high percentage of these returns. FY 2024 Personnel Costs, including other employment costs, associated with these positions are estimated to be $305,081.

8. Personnel costs are assumed to increase at an annual rate of 2%.

	General Fund Revenue Loss	**Administrative Costs**
Fiscal Year 2024:	$24.5 million - $36.7 million	$305,081
Fiscal Year 2025	$28.4 million - $42.6 million	$309,875
Fiscal Year 2026	$31.3 million - $46.9 million	$314,765

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