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In an opinion piece published on January 23, Kevin Dombrowski wrote that tax increases would not solve the inherent budget woes of the State of Delaware. Mr. Dombrowski made some important points in addressing challenges to the State's revenue stream.

However, one important issue at the forefront of the revenue debate was not mentioned. In the 2017 Legislative Session, an increase in the real estate transfer tax was hotly debated. And, for good reason, Delaware REALTORS® stood at the forefront of the fight to keep the state from funding itself on the backs of a very small group of people who happen to buy or sell a home in any given year. Delaware already had one of the highest realty transfer tax rates in the nation at 3 percent of a sales price.

The two percent that is now the homebuyers portion of this tax is a lot of cash for a buyer—in particular a first-time buyer—to bring to the settlement table to realize their dream of homeownership. At the end of the Legislative Session, the realty transfer tax was raised a full percentage point, making Delaware's tax the highest in the nation at 4 percent—a 33 percent increase in this already steep tax.

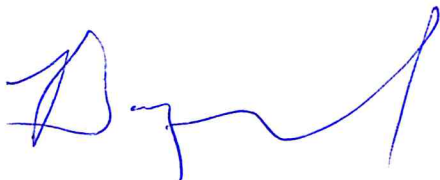
Four percent of total real estate sales certainly is a lot of money to reap from such a small portion of the total population, the majority of which are young people just starting out and families who have saved for years to own a home. Add this to an already long list of obstacles they face—such as increasing rents and home prices, low inventory, and bulging student loan debt—and you can see why the percentage of homes sold to first-time buyers in Delaware is lower than the now historically low national average.

Homebuyers are critical economic drivers for Delaware, generating income for a host of related industries including remodeling, appliance and accessory sales, and services such as landscaping.

It should also be noted that this tax is an unstable source of income; the receipts vary from year to year depending upon the strength of the economy and the real estate market.

In summary, Delaware's leadership should look further for a more equitable and stable source of revenue to fund statewide government services during this Legislative Session than the unfair and unreliable realty transfer tax.

Sincerely,



Bayard Williams, President  
Delaware Association of Realtors