

Fiscal Estimate Narratives

DOR 5/19/2023

LRB Number	23-2921/1	Introduction Number	AB-0277	Estimate Type	Original
Description the amount and distribution of the real estate transfer fee					

Assumptions Used in Arriving at Fiscal Estimate

The bill decreases the real estate transfer fee from 30 cents to 20 cents for each \$100 of the value of the conveyance. Under the bill, the county retains 30 percent of the fees collected in 2023 and 2024, 40 percent of the fees collected in 2025, and 50 percent of the fees collected in 2026 and each year thereafter.

Under current law, in FY 2022, the real estate transfer fee generated total revenue of \$151.73 million. The state received 80 percent or \$121.39 million, while counties retained 20 percent or \$30.36 million. Based on FY 2022 data, lowering the real estate transfer fee from 30 cents to 20 cents for each \$100 of value would have resulted in total revenue of \$101.15 million, a decrease of \$50.58 million. Under the bill's 30 percent county retention for 2023 and 2024, the counties would have retained the same \$30.35 million, while the state would have received \$70.81 million, or the entire decrease of \$50.58 million. Under the 40 percent retention (2025), counties would have received \$40.46 million, an increase of \$10.12 million, while the state would have received \$60.69 million, a decrease of \$60.69 million. The 50 percent retention (2026) results in the counties receiving \$50.58 million, an increase of \$20.23 million, while the state would receive \$50.58 million, or a decrease of \$70.81 million.

Assuming an initial applicability with FY 2024, state revenues are estimated to decline by \$37.09 million to \$51.92 million in FY 2024 (\$89.01 million under current law), decline by \$42.82 million to \$51.45 million in FY 2025 (\$94.27 million under current law), and decline by \$54.61 million to \$46.89 million in FY2026 (\$101.50 million under current law). Counties would see revenue an increase of \$0 million to \$22.52 million in FY 2024 (\$22.52 million under current law), an increase of \$3.55 million to \$27.11 million in FY 2025 (\$23.57 million under current law), and an increase of \$12.32 million to \$37.69 million in FY 2026. Combined revenue under the bill would decrease by \$37.09 million in FY 2024 to \$74.17 million, decrease by \$39.28 million in FY 2025 to \$78.56 million, and decrease by \$42.29 million in FY 2026 to \$84.59 million.

The department cannot absorb one-time administrative costs of \$6,300 for computer programming changes.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description the amount and distribution of the real estate transfer fee		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
\$6,300		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$-37,086,900
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$-37,086,900
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-37,086,900	\$
Agency/Prepared By	Authorized Signature	Date
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