

Fiscal Estimate - 2013 Session

Original
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LRB Number 13-3910/1	Introduction Number SB-484												
Description Exempting from taxation certain amounts received by a realtor for the sale of a foreclosed property													
Fiscal Effect													
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Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Michael Wagner (608) 266-6785	Date 1/28/2014											

Fiscal Estimate Narratives

DOR 1/28/2014

LRB Number	13-3910/1	Introduction Number	SB-484	Estimate Type	Original
Description Exempting from taxation certain amounts received by a realtor for the sale of a foreclosed property					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates an individual income tax deduction for any amount of commission that is received by licensed real estate brokers or salespersons on the sale of a foreclosed property, provided that the property sells for \$50,000 or less.

Based on Department of Revenue data, approximately 181,000 properties were transferred in 2012 with a real estate transfer return. Of those properties, 2,800 included a transfer fee exemption code indicating the property was subject to foreclosure and also listed a total real estate value of \$50,000 or less. The combined value of those 2,800 properties was listed as \$87.9 million.

Assuming combined commissions of 6% for the real estate brokers, the total commission subject to the deduction in this bill would have been approximately \$5.3 million in 2012. Further applying a marginal tax rate of 4.93%, the bill would be expected to reduce revenue by approximately \$260,000 annually beginning in fiscal year 2015.

To the extent that the number of foreclosure sales fluctuates annually, the fiscal effect would be higher or lower as well.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 13-3910/1		Introduction Number SB-484	
Description			
Exempting from taxation certain amounts received by a realtor for the sale of a foreclosed property			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
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	\$		\$-260,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$-260,000
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-260,000		\$
Agency/Prepared By		Authorized Signature	
DOR/ Bradley Caruth (608) 261-8984		Michael Wagner (608) 266-6785	
		Date	
		1/28/2014	