



HJR 203: Referral to Remove the Transfer Tax Pre-emption from Oregon's Constitution

Testimony for the House Revenue Committee – Jody Wiser – 2.11.2020

Tax Fairness Oregon generally supports any measure than would broaden the legislature's ability to consider the various means of taxation to support the state's needs.

The state constitution should outline the structure of government and impose broad limits on its power. It is unfortunate that our tradition allows special interests to wage campaigns to serve their narrow interests. The Realtors®' million-dollar campaign in 2012 to add a constitutional prohibition against a property transfer tax is an example of the abuse of what was intended as a pure-democratic check on the state's power. In isolation, no tax is popular. But schools, police, parks, roads and hospitals – the things taxes support – are popular.

SJR 203 would refer to voters a constitutional amendment lifting the 2012 prohibition that was passed with 59% of the vote.

Under the resolution, revenue from the legislature's authority to set a transfer tax on property greater than \$500,000 would be spent on affordable housing. That's a clever idea, since it would exempt average homes. We generally support it.

On the other hand, we think the resolution is a heavy lift for November. The 2020 ballot will feature a question on increased tobacco/vaping taxes and some bond issues. Those "asks" will need support.

We advise you to move with caution this session and put it in the mix of funding mechanism to consider in 2021. We wish a Revenue Caucus of legislators might review all our options. Our legislature has a craft brewers caucus, but no similar passion for how we raise funds for everything the state does.

Oregon is one of 13 states without this tax at the state or local level (Washington County had a 0.1% tax before the pre-emption). In other states, rates vary from 0.1% to 2% (0.11% in California and 1.28% in Washington.) Some states increase the rate along with the value of the transaction. No other state bars real estate transfer taxes.

[Deed.com](https://www.deed.com) has a March 2019 post on data from other states. Only Delaware has a limitation similar to that proposed in SJR 203, in which first-time buyers pay a lower rate if the homes price is no more than \$400,000.

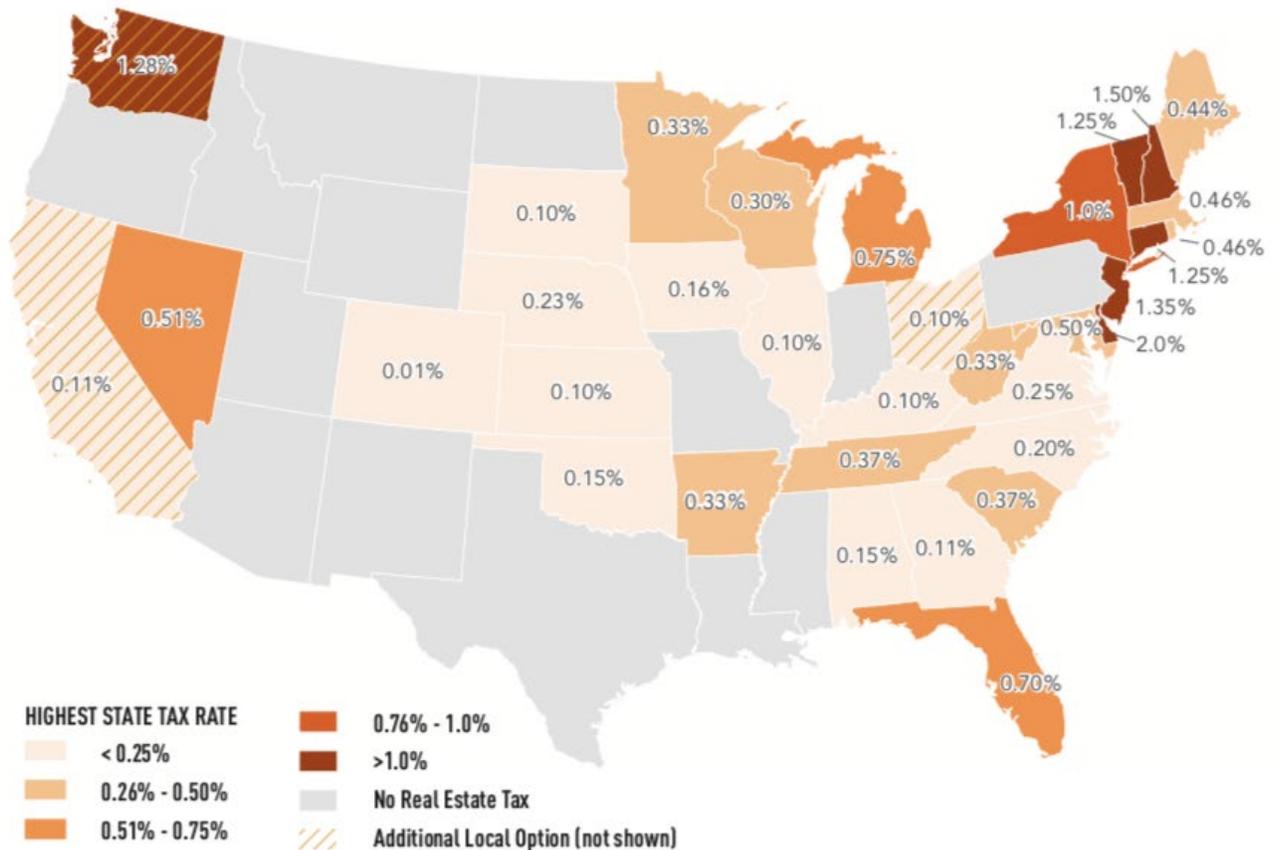
EcoNorthwest appears to have done a study for Washington State that looks at state only transfer tax rates, but most state allow local jurisdiction to also impose a transfer tax and most do. The State tax data appears on this map, while a rather old set of data that includes local taxes follows .

REAL ESTATE EXCISE AND TRANSFER TAXES BY STATE

Real estate excise and transfer taxes are used by states and local government. However, little research has been done to catalog or assess the impacts of these taxes. The Lincoln Land Institute has an active research program to survey these fees and taxes by state and local government. These data are summarized in the map below as of 2017. The Lincoln Land Institute of Land Policy is a nonprofit foundation that seeks to improve quality of life through the effective use, taxation, and stewardship of land as a solution to economic, social, and environmental challenges.

SUMMARY FINDINGS

- There are 14 states that do not charge real estate excise or transfer taxes.
- Washington already has one of the highest state excise tax rates in the country. There are only four states with higher rates.
- Washington is one of three state with additional local option real estate excise or transfer taxes.



NAIOP has asked ECONorthwest, an economic consulting firm advising governments, business, and foundations, to provide perspective and commentary on the community and economic development impacts of land excise taxes related to proposals to expand these taxes in Washington. We relied on data available through the Lincoln Land Institute to create this map and summary.

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Source: <https://www.lincolnlnd.edu/research-data/data-toolkits/significant-features-property-tax/topics/real-estate-transfer-charges>

Note: The current transfer tax rate in Delaware is 3% of the property's value. If the local jurisdiction where the property is located taxes the same transfer at the full 1.5% authorized by state statute, the state tax is reduced to 2.5% and the total tax on the transaction becomes 4%. This became effective in August 2017.

The National Association of Realtors produced a table in 2005 with a comprehensive set of state and local taxes. It's out of date, of course, but it indicates variable methods.

State	Transfer Fee	Transfer Fee Rate
Alabama	Deeds \$.50/\$500 Mortgages \$.15/\$100	0.1% 0.15%
Alaska	None	
Arizona	\$2 per deed or contract	
Arkansas	\$3.30/\$1,000	0.33%
California (local)	\$.55/\$500	0.11%
Colorado	\$.01/\$100	0.01%
Connecticut	Varies	0.5% up to \$800K and 1% of value over \$800K; plus 0.11%
Delaware		1.5% - 2%
District of Columbia	Transfer Mortgage recordation	1.1% 1.1%
Florida	Deeds \$.70/\$100 Mortgages \$.35/\$100	0.7% 0.35%
Georgia	\$.10/\$100	0.1%
Hawaii	For consideration up to \$600K: \$.10/\$100 For consideration between \$600K and \$1million: \$.20/\$100 For consideration over \$1million: \$.30/\$100	0.1% 0.2% 0.3%
Idaho	None	
Illinois	Chicago - \$.375/\$500 Cook County - \$.25/\$500 State - \$.05/\$500	0.75% 0.05% 0.10%
Indiana	None	
Iowa	\$.80/\$500	0.16%
Kansas	Mortgage \$.26/\$100	0.26%
Kentucky	\$.50/\$500	0.1%
Louisiana	None	
Maine	\$2.20/\$500	.44%
Maryland		0.5% (0.25% for first-time buyers)
Massachusetts	\$2/\$500	0.456% (0.4% plus 14% surtax); also \$10-\$20 surcharge
Michigan	State - \$.375/\$500 County - \$.55/\$500 - \$.75/\$500 depending on population	0.75% 0.11% - 0.15% depending on population
Minnesota	\$1.65/\$500	0.33%
Mississippi	None	
Missouri	None	
Montana	None	
Nebraska	\$1.75/\$1,000	0.175%
Nevada	\$.65/\$500 up to 400K county population \$1.25/\$500 over 400K county population	0.13% up to 400K county pop. 0.25% over 400K county pop.
New Hampshire	\$.75/\$100 paid by both buyer and seller	1.5%
New Jersey	For consideration up to \$350K: \$2.00/\$500 first \$150K \$3.35/\$500 from \$150K to \$200K \$3.90/\$500 from \$200K to \$350K For consideration in excess of \$350K: \$2.90/\$500 first \$150K \$4.25/\$500 from \$150K to \$200K \$4.80/\$500 from \$200K to \$550K \$5.30/\$500 from \$550K to \$850 \$5.80/\$500 from \$850 to \$1million \$6.05/\$500 amount over \$1 million For consideration in excess of \$1 million (residential only) in addition to above: \$5/\$500	0.4% first \$150K 0.67% from \$150K to \$200K 0.78% from \$200K to \$350K 0.58% first \$150K 0.85% from \$150K to \$200K 0.96% from \$200k to \$550K 1.06% from \$550K to \$850K 1.16% from \$850 to \$1 million 1.21% amount over \$1 million 1%County: up to 0.1% additional tax
New Mexico	None	

New York	Property transfer - \$2/\$500 up to \$1 million; 1% additional over \$1 million Mortgage recording New York City	0.4% up to \$1 million value; addl. 1.0% over \$1 million 1.0% 1% up to \$500K value; 1.425% over \$500K
North Carolina	\$1/\$500	0.2%
North Dakota	None	
Ohio		0.1% plus 0.3% local
Oklahoma	\$.75/\$500	0.15%
Oregon	None	
Pennsylvania	Local varies	1% plus \$2
Rhode Island	\$2.00/\$500	0.4%
South Carolina	\$1.85/\$500 (\$1.30 state, \$.55 county)	0.37% (state-county combination)
South Dakota	\$.50/\$500	0.1%
Tennessee	\$.37/\$100	0.37%
Texas	None	
Utah	None	
Vermont	Tax on gains; varies with length of time owned	
Virginia	\$.15/\$100 on sales up to \$10 million; varies thereafter	0.03% - 0.15% depending upon sales price
Washington		1.28% of sales price plus local taxes
West Virginia	\$1.65/\$500 (\$1.10 state, \$.55 county)	0.33% (state-county combination)
Wisconsin	\$.30/\$100	0.3%
Wyoming	None	

[https://www.nar.realtor/smart_growth.nsf/docfiles/TransferTaxRates\(8-05\).pdf/\\$FILE/TransferTaxRates\(8-05\).pdf](https://www.nar.realtor/smart_growth.nsf/docfiles/TransferTaxRates(8-05).pdf/$FILE/TransferTaxRates(8-05).pdf)

See also: <https://www.deeds.com/articles/real-estate-transfer-taxes/>

We read the bills and follow the money