



To: Assembly Committee on Housing and Real Estate
From: Cori Lamont, Vice President of Legal and Public Affairs
Date: January 9, 2024
RE: AB 277/SB 274 Reducing Wisconsin's Real Estate Transfer Tax

The Wisconsin REALTORS® Association (WRA) supports AB 277/SB 274 reducing Wisconsin's real estate transfer tax to improve housing affordability.

Cutting Wisconsin's real estate transfer tax (Transfer Tax) by one-third would reduce the cost carried by Wisconsin property owners who pay the tax on the sale of real property.

Background

When the Wisconsin Transfer Tax was first imposed on property owners in 1970, sellers were responsible to pay \$1.00 for every \$1,000 of property value transferred. At that time, the county and state split the funds received from the tax 50/50. In 1982, the tax was increased to its current rate of \$3.00 per \$1,000 of property value. Additionally, the percentages were changed so the state received 80% and the county received 20%.

The county Register of Deeds is responsible for collecting the tax. Under the current structure, the county keeps its 20% portion of the funds to provide for local services, while the state's 80% goes into General Purpose Revenue (GPR) for the general benefit of the state.

Currently, sellers pay an extra tax when selling their property of \$3.00 for every \$1,000 of property value. For a median value home in Wisconsin of \$272,500, the seller pays an additional \$817.50 in taxes for the sale of their real property. The higher the sales price, the greater the Transfer Tax. In 2022, Wisconsin property owners were taxed an additional \$121.4 million, just from the Transfer Tax.

- **The reduction of funds going to the state eases the burden on property owners.** Lowering the Transfer Tax to \$2.00 per \$1,000 of property value will save the median value homeowner \$272.50 in excess property taxes. By reducing the Transfer Tax by 33%, property owners save hundreds of dollars during a transaction.
- **Returning the distribution of the Transfer Tax collection back by 2026 to a 50/50 allocation between the county and state provides a response to local government funding challenges.** This re-allocation increases local government revenue to help further support services needed within a community where the property is located, while eliminating a larger portion going to the fund to generally benefit the state.

- **With historically low housing inventory and as one of the highest property tax states in the country, Wisconsin has a housing affordability issue.** However, Wisconsin property owners are continuously required to fund the government through property taxes and Transfer Taxes associated with the sale of real property.
- **Home ownership will continue to be unattainable until housing inventory increases, property taxes are decreased, and transaction costs borne by the parties are reduced.** According to the National Association of Home Builders (NAHB) for every \$1,000 increase in the median new home price, approximately 2,000 households are priced out of the home-buying market.¹ Reducing the Transfer Tax is by one-third, provides much needed relief for Wisconsin property owners in the real estate transaction.

We respectfully request your support for AB 277/SB 274.

¹

<https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2023/special-study-nahb-priced-out-estimates-for-2023-march-2023.pdf>