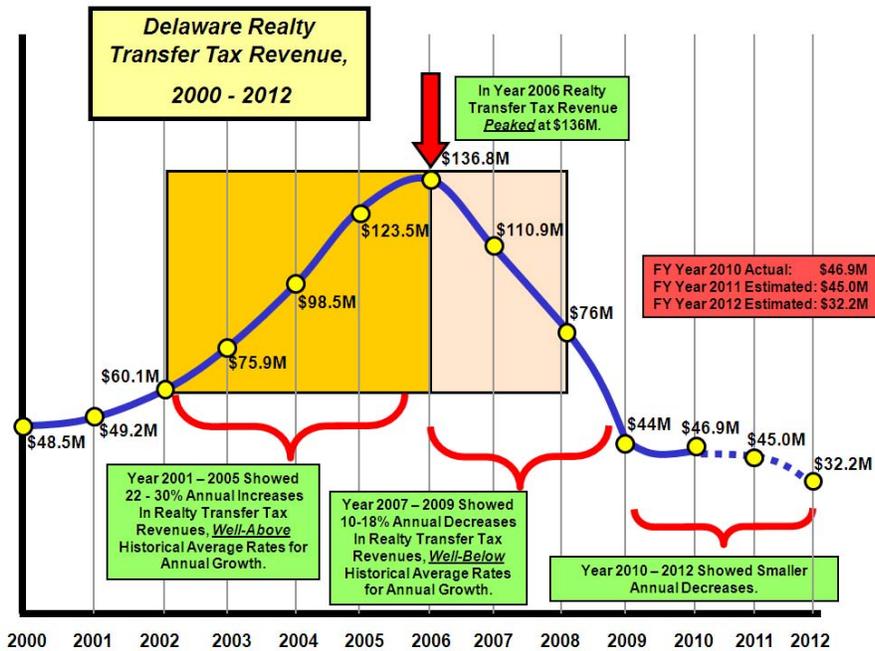


HIGHWAY STATISTICS

2010 Realty Transfer Tax Gross State Collections

Delaware has a Realty Transfer Tax (which is 3% of the sale price.) The buyer and the seller pay 1.5% each. Depending on the location of property, the Realty Transfer Tax is split between the state and the municipality, or the state and the county.



Source: Delaware Economic Financial Advisory Committee (May 2011 Report)

One of the major sources of revenue for the State of Delaware, its three counties, and its municipalities is the property transfer tax. As the above chart shows, the upward trend has been reversing since 2006.

The Delaware Economic and Financial Advisory Committee (DEFAC) is the group tasked with tracking revenue projections from the various sources of taxes, fees, and other payments to the State. The DEFAC data for the current fiscal year 2011 are located at: <http://finance.delaware.gov/publications/DEFAC.shtml>

The May 2011 estimates indicate the following:

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
May 2011 DEFAC Estimate	\$46.9M Actual	\$45.0M	\$32.2M
May 2010 DEFAC Estimate	\$30.0M		

The table above indicates that the May 2011 DEFAC estimate for transfer tax revenues for the period FY 2010 were anticipated to be less than the peak transfer tax income of \$136M received in FY 2006, but were relatively flat in terms of increases and decreases, with projected revenues in the mid \$90M range. However, the May 2011 DEFAC estimates demonstrated a drop due to those earlier FY 2008 projections as actual transfer tax revenues continued significant decreases for FY 2009 and FY 2010. Although FY 2010 actual transfer tax revenues increased above last year's FY 2010 estimates, overall the amount of total revenue from this source is smaller than in years past. FY 2011 and FY 2012 estimates from the May, 2011 DEFAC report also do not indicate a return of the peak trends.

The sources we used to determine the trends include looking at the transfer tax revenue and the subprime mortgage defaults affecting many areas around the country. As a result, Delaware's municipalities, as everywhere, are also facing a decline in the transfer tax revenues.

When purchasing residential property, buyers often consider the neighborhood and their commuting times to work; others are more concerned about the state they live in. To evaluate and compare the existing residential conditions by state, [U.S. Credit Conditions](#) is a good source.

[Federal Reserve](#) historical data shows that easy access to credit provided by banks has contributed to the current economic crisis.