

## REAL ESTATE TRANSFER FEE

The following is a brief description of the real estate transfer fee. It is intended to give an overview of how the fee works, the amount of revenue collected under the fee, and a list of the types of transfers that are exempt from the fee.

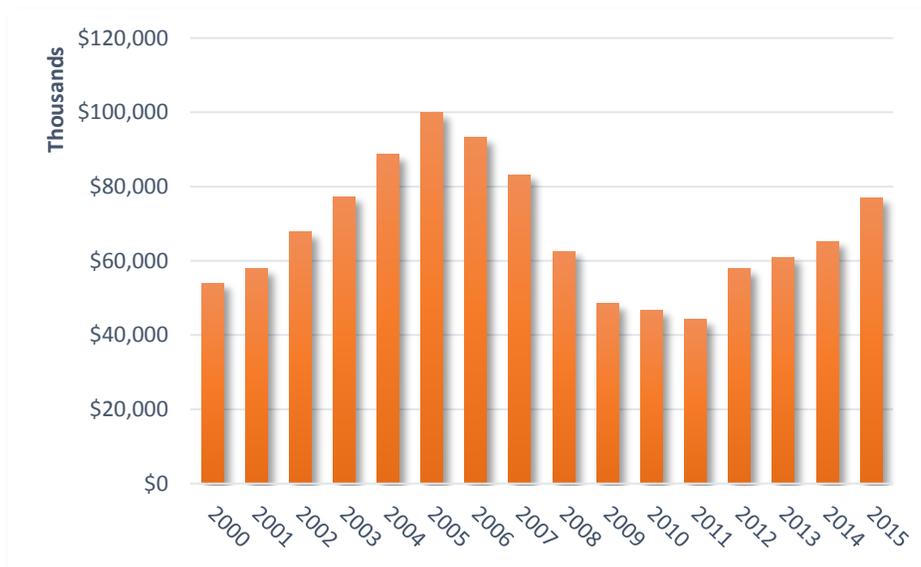
### Background

The real estate transfer fee was implemented in 1969, the year the federal stamp tax on real estate transfers was repealed. The current fee is \$0.30 for each \$100 of value or fraction thereof of the value of the property being transferred. For transfers that are a gift or for nominal consideration, the fee is based on the estimated market value of the property. Value data on real estate transfer fee returns are the main source of data Department of Revenue (DOR) uses in its annual determination and certification of municipal equalized values.

All real estate transfer fee returns must be filed electronically. If a return is filed correctly, a receipt is generated. This receipt, along with the property deed and the proper fee, are filed with the register of deeds to complete the transfer process. Of the total fee, counties receive 20 percent and the state retains the remaining 80 percent.

Prior to the recent housing market crash, the total amount of real estate transfer fee collected in Wisconsin showed steady increases. During the period between 2006 and 2011, however, the amount declined sharply:

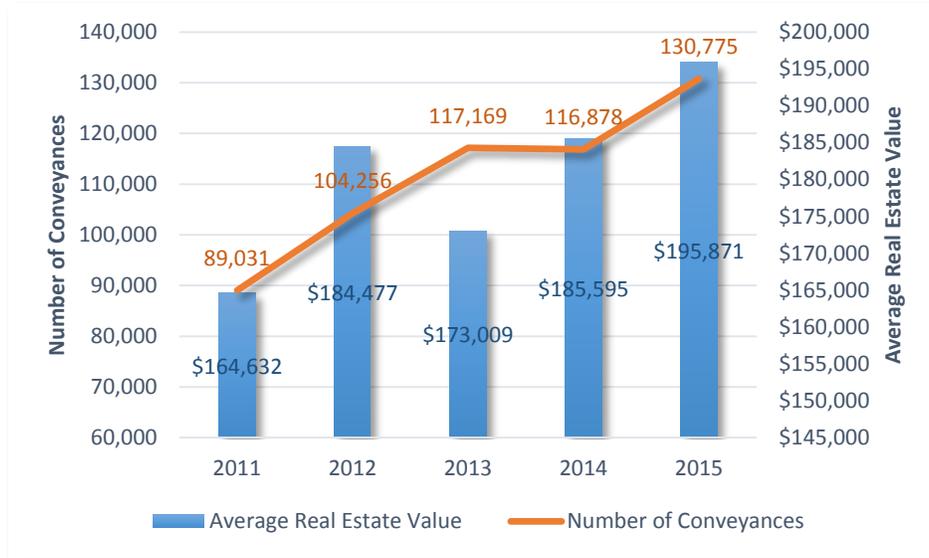
Chart 1: Total Real Estate Transfer Fee Collected



See Appendix I for additional statistics.

Over the last five years (2011 – 2015), the average real estate value has been showing an upward trend, and the market in Wisconsin has been experiencing increasing levels of activity in real estate transfers. During the period, the average real estate value has been somewhere between \$164,500 and \$195,900. In general, the number of conveyances, excluding those that were exempt from the fee, has continued to increase during the same period:

Chart 2: Average Real Estate Value and the Number of Conveyances<sup>1</sup>



See Appendix I for additional statistics.

### Exemptions from the Fee

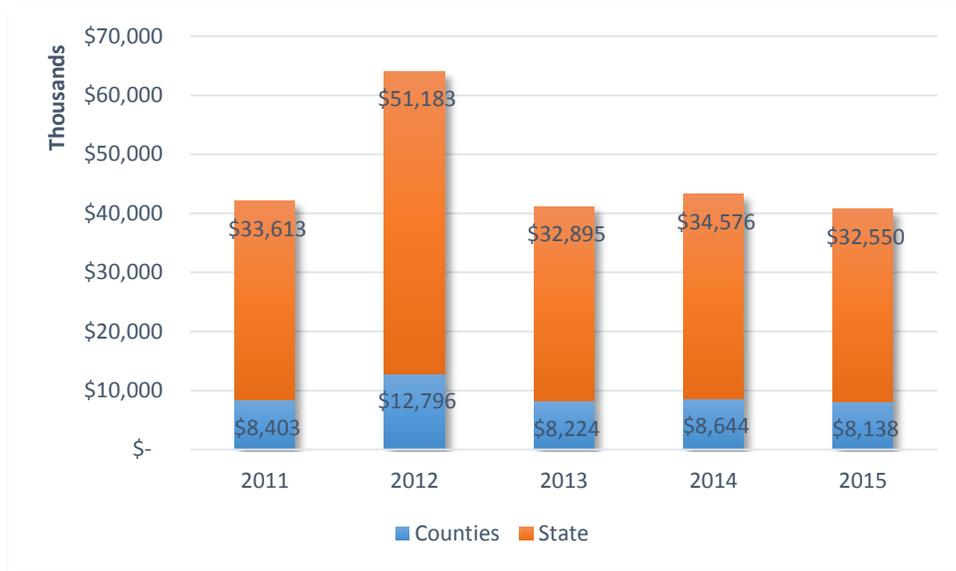
A real estate transfer is taxable unless exempted by law. A transfer could also be exempt if it does not meet the definition of a "conveyance" (such as an easement or a lease for less than 99 years), or because they are not deemed a sale. See Appendix IV for the types of conveyances exempt under Section 77.25, with the sub-section under which the exemption is granted.

### Fiscal Effect of the Exemptions

The revenue losses to the state due to the exemptions from the fee shown below account only for the cases that are exempt from the real estate transfer fee but required to file returns:

<sup>1</sup> The number excludes conveyances that were exempt from the real estate transfer fee.

Chart 3: Estimated Revenue Loss Due to Exemptions (in Thousands \$)



See Appendix III and IV for additional statistics. Since the figures above do not include conveyances that were exempt from the real estate transfer fee AND not required to file transfer fee returns as of the end of 2015, the estimates may be somewhat understated<sup>2</sup>.

---

<sup>2</sup> During the 2015-16 legislative session, Section 77.255 was amended to exclude all but a conveyance exempt under Sections 77.25(1) (conveyances that occurred prior to October 1, 1969) and 77.25(10m) (solely to designate a transfer on death beneficiary under s. 705.15) from filing requirements, effective as of February 2016. See Appendix IV.

## APPENDIX

Appendix I: Real Estate Value Subject to Real Estate Transfer Fee

Year	Number of Conveyances <sup>3</sup>	Total Real Estate Value	Average Value	Median Value	Maximum Value
2011	89,031	\$14,657,325,611	\$164,632	\$109,000	\$40,800,000
2012	104,256	\$19,232,797,030	\$184,477	\$115,985	\$389,968,175
2013	117,169	\$20,271,333,136	\$173,009	\$120,000	\$51,870,000
2014	116,872	\$21,690,893,617	\$185,595	\$124,000	\$72,163,875
2015	130,775	\$25,615,028,336	\$195,871	\$130,000	\$38,000,000

Appendix II: Real Estate Transfer Fee

Year	Total Real Estate Transfer Fee	Average Fee Per Conveyance	Median Fee Per Conveyance
2011	\$43,976,385	\$494	\$327
2012	\$57,709,283	\$554	\$348
2013	\$60,815,111	\$519	\$360
2014	\$65,075,549	\$557	\$372
2015	\$76,846,246	\$588	\$390

Appendix III: Fiscal Effects of the Real Estate Transfer Fee Exemptions<sup>4</sup>

Year	State	County	Total
2011	\$33,612,671	\$8,403,168	\$42,015,838
2012	\$51,183,370	\$12,795,843	\$63,979,213
2013	\$32,894,981	\$8,223,745	\$41,118,726
2014	\$34,576,288	\$8,644,072	\$43,220,360
2015	\$32,550,323	\$8,137,581	\$40,687,904

<sup>3</sup> The number excludes conveyances that are exempt from the real estate transfer fee.

<sup>4</sup> The figures excludes conveyances that are not required to file the real estate transfer fee returns.

Appendix IV: Real Estate Transfer Fee Exemptions for Fiscal Year 2015

Statutory Reference	Exemption	FY15 Fiscal Effect		
		County	State	Total
77.21 (1)	Easements.	NA	NA	NA
77.21 (1)	Leases for less than 99 years.	NA	NA	NA
77.25 (1)*	Conveyances made prior to October 1, 1969, the date the fee went into effect, are exempt from the fee and from filing a transfer fee return.	NA	NA	NA
77.25 (2)*	Conveyances from the United States, the state of Wisconsin, or from an instrumentality, agency, or subdivision of either, are exempt from the fee. Prior to February 2016, these conveyances were also exempt from filing a transfer fee return unless the seller was also a lender for the transaction.	NA	NA	NA
77.25 (2g)	Conveyances by gift to the United States, the state of Wisconsin, or to an instrumentality, agency, or subdivision of either, are exempt from the fee.	\$14,292	\$57,171	\$71,465
77.25 (2r)*	Conveyances of land by sale or dedication under s. 236.29 (1) or (2) [recording of a plat] or s. 236.34 (1m) (e) [recording of a certified survey], or for the purpose of a road, street or highway, to the United States, the State of Wisconsin, or any instrumentality, agency or subdivision of either, is exempt from the fee. Prior to February 2016, these conveyances were also exempt from filing a transfer fee return.	NA	NA	NA
77.25 (3)	Conveyances that confirm, correct, or reform a previously recorded conveyance are exempt from the fee if the new conveyance is made for no, nominal, or inadequate consideration.	\$803,856	\$3,215,427	\$4,019,285
77.25 (4)*	Conveyances on sales for delinquent taxes or assessments are exempt from the fee. These conveyances are also exempt from filing a transfer fee return. The fiscal effect may therefore be understated. Prior to February 2016, these conveyances were also exempt from filing a transfer fee return.	NA	NA	NA
77.25 (5)	Conveyances on partition of real estate that belongs to several persons as co-owners to those persons are exempt from the fee.	\$51,892	\$207,570	\$259,463
77.25 (6)	Conveyances pursuant to mergers of corporations are exempt from the fee.	\$55,068	\$220,273	\$275,342
77.25 (6d)	Conveyances pursuant to partnerships reorganizing as limited liability partnerships are exempt from the fee.	\$12,304	\$49,217	\$61,521
77.25 (6m)	Conveyances pursuant to the conversion of a business entity to another form of business entity under s. 179.76 [domestic limited partnership], s. 180.1161 [domestic business corporation], s. 181.1161 [domestic non-stock corporation], or s. 183.1207 [domestic limited liability company] are exempt from the fee if, after the conversion, the ownership interests in	\$34,585	\$138,340	\$172,925

Statutory Reference	Exemption	FY15 Fiscal Effect		
		County	State	Total
	the new entity are identical with the ownership interests in the original entity immediately preceding the conversion.			
77.25 (7)	Conveyances by a subsidiary corporation to its parent corporation for no consideration, nominal consideration, or in sole consideration of cancellation, surrender or transfer of capital stock are exempt from the fee.	\$45,447	\$181,790	\$227,237
77.25 (8)	Conveyances between parent and child, step-parent and step-child, and parent and son-in-law or daughter-in-law for nominal or no consideration are exempt from the fee.	\$653,276	\$2,613,105	\$3,266,381
77.25 (8m)	Conveyances between a husband and wife are exempt from the fee.	\$1,296,335	\$5,185,340	\$6,481,675
77.25 (8n)	Conveyances between an individual and his or her domestic partner under Chapter 770 (the "Domestic Partnership" Law) are exempt from the fee.	\$7,758	\$31,032	\$38,790
77.25 (9)	Conveyances between agent and principal or from a trustee to a beneficiary without actual consideration are exempt from the fee.	\$491,281	\$1,965,124	\$2,456,405
77.25 (10)	Conveyances to provide security or release security for a debt or obligation are exempt from the fee. However, for original land contracts filed before August 1, 1992, a transfer fee will be assessed when the documents relating to fulfillment of the land contract are filed.	\$41,215	\$164,861	\$206,076
77.25 (10m)	Conveyances for sole purpose of designating a time of death (TOD) beneficiary under s. 705.15 [statute that permits non-probate transfers of property at time of death] are exempt from the fee.	\$332,545	\$1,330,180	\$1,662,725
77.25 (11)*	Conveyances by will, descent, or survivorship are exempt from the fee. Prior to February 2016, these conveyances were also exempt from filing a transfer fee return.	NA	NA	NA
77.25 (11m)	Conveyances by non-probate transfer on death under s. 705.15 [statute that permits non-probate transfers of property at death] are exempt from the fee.	\$117,563	\$470,252	\$587,816
77.25 (12)	Conveyances pursuant to or in lieu of condemnation are exempt from the fee.	\$11,180	\$44,722	\$55,902
77.25 (13)	A provision of 2013 Wisconsin Act 66 provided that, beginning on December 14, 2013, conveyances of real estate having a value of \$1,000 or less are exempt from the fee. Prior to this date, the exemption applied to transfers of real estate having a value of \$100 or less.	\$359	\$1,438	\$1,797
77.25 (14)	Conveyances under a foreclosure or a deed in lieu of a foreclosure to a person holding a mortgage or to a seller under a land contract are exempt from the fee.	\$644,667	\$2,578,670	\$3,223,337
77.25 (15)	Conveyances between a corporation and its shareholders are exempt from the fee if (a) all of the stock in the corporation is owned by persons who are related to each other as spouses,	\$47,517	\$190,068	\$237,585

Statutory Reference	Exemption	FY15 Fiscal Effect		
		County	State	Total
	lineal ascendants or descendants, siblings (by blood or by adoption), or spouses of siblings; (b) if the transfer is for no consideration except the assumption of debt or stock of the corporation; and (c) if the corporation owned the property for at least 3 years.			
77.25 (15m)	Conveyances between a partnership and one or more of its partners are exempt from the fee if (a) all of the partners are related to each other as spouses, lineal ascendants or descendants, siblings (by blood or adoption), or spouses of siblings; and (b) if the transfer is for no consideration other than the assumption of debt or an interest in the partnership.	\$76,295	\$305,179	\$381,474
77.25 (15s)	Conveyances between a limited liability company and one or more of its members are exempt from the fee if (a) all of the members are related to each other as spouses, lineal ascendants or descendants, siblings (by blood or adoption), or spouses of siblings; and (b) if transfer is for no consideration other than the assumption of debt or an interest in the limited liability company.	\$836,027	\$3,344,109	\$4,180,137
77.25 (16)	Conveyances to a trust are exempt if a transfer from the grantor to the beneficiary of the trust would be exempt under other provisions of the real estate transfer fee law (sec. 77.25, Wis. Stats.).	\$2,256,175	\$9,024,702	\$11,280,877
77.25 (17)	The recording of deeds in fulfillment of a land contract is exempt from the real estate transfer fee if the proper fee was paid when the land contract was recorded. (The fee on land contracts filed before August 1, 1992, is deferred until the contract is fulfilled. The fee on land contracts filed after July 31, 1992, is due when the contract is filed.) The intent of this provision is to prevent two fees from being imposed on the same land contract transaction. Therefore, this exemption does not reduce state revenues.	\$306,599	\$1,226,398	\$1,532,997
77.25 (18)	Transfers of property to a local exposition district organized under Subchapter II of Chapter 229, Wis. Stats., are exempt from the fee.	NA	NA	NA
77.25 (20)	Conveyances from a fiduciary which held property for the benefit of an unincorporated nonprofit association to the unincorporated nonprofit association in the association's own name are exempt from the fee.	\$1,209	\$4,836	\$6,045
77.25 (21)	Conveyances of transmission facilities or land rights for transmission facilities by a utility company to a transmission company in exchange for securities in the transmission company are exempt from the real estate transfer fee.	\$130	\$519	\$648
<b>TOTAL</b>		<b>\$8,137,581</b>	<b>\$32,550,323</b>	<b>\$ 40,687,904</b>

*\*Conveyances under these exemptions are not required to file returns as of the end of 2015. As such, DOR could not accurately estimate the total real estate values under these exemptions.*