

Real Property Transfer Tax

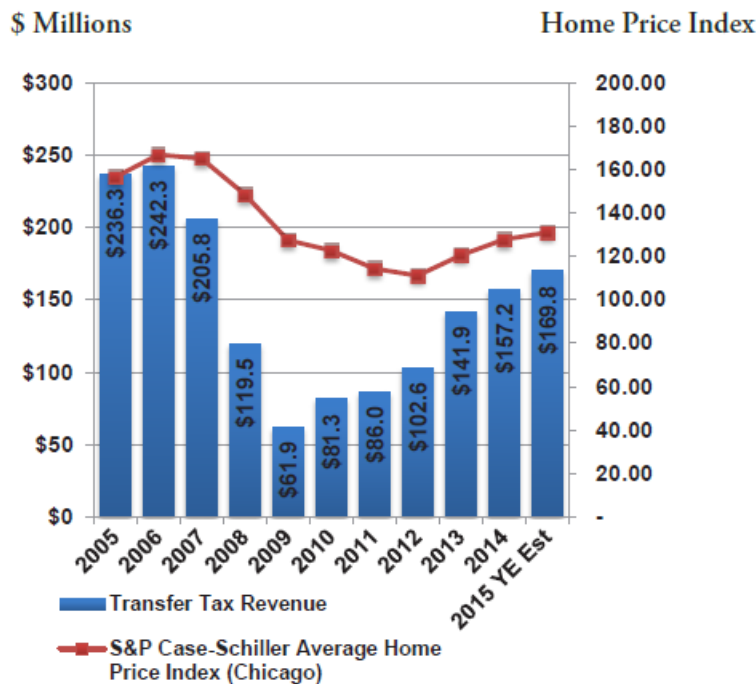
Real Property Transfer Tax: The real property transfer tax is applied to the purchase/sale of real property in the city.

Background

The following taxes are applied to the transfer of real property in Chicago:

Entity	Payer	Rate per \$500 of sale
City	Buyer	\$3.75
CTA	Seller	\$1.50
Cook County	Seller	\$0.25
State	Seller	\$0.50
TOTAL		\$6.00

REAL PROPERTY TRANSFER TAX REVENUE



The last time the real property transfer tax rate for the City was increased was 1998. The decline in the real estate market drove real property transfer tax collections down to \$61.9 million in 2009. While still less than half of pre-recession levels, 2010 and 2011 saw slight increases in revenue due in large part to increased commercial real estate activity. The residential real estate market began to show sustained growth in 2012. The recovering housing market, in combination with continued strong commercial real estate activity, is expected to drive real property transfer tax revenues up to an anticipated \$169.8 million in 2015.

Revenue Impact

If the rate were increased from \$3.75/\$500 to \$4.75/\$500, a projected \$40 million in additional revenue could be realized in 2016, assuming no major market changes.

Legal Authority

The City does not have authority to increase the real property transfer tax; a change in state law would be necessary for such an increase. 65 ILCS 5/8-3-19.

Other Cities

Following are a few examples of real property transfer tax rates in other major cities:

City	City Tax	Total Tax (including state/county)
Los Angeles	\$2.25/\$500	\$2.80/\$500
New York City	1-2.625%	Undetermined (combination of flat rate and percentage)
Philadelphia	3%	4%
Baltimore	1.5%	2%