

## Repeal B&O tax exemption for shared real estate commission

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**Description** This proposal would repeal the B&O tax exemption for shared real estate commissions. This would result in the taxation of real estate commissions as follows.

- A real estate firm would pay B&O tax on its gross commissions from real estate sales, including the portion of commissions paid to brokers (i.e., sales persons) associated with the firm or to a cooperating real estate firm on a particular transaction.
- Real estate brokers would pay B&O tax on their own gross commissions.
- Cooperating real estate firms would pay B&O tax on their own share of commissions.

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**Current law**

- B&O tax is paid on the gross commissions received by a real estate firm, including that portion of the commission paid to salespersons on a particular transaction.
- If the real estate firm pays its B&O tax liability, the salespersons associated with the firm do not have to pay B&O tax on their share of commissions.
- When a commission is split between a listing firm and a cooperating firm, each firm pays B&O tax only on its respective share of the commission.

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**Revenue Impact**

General Fund Impacts (\$ millions):

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$0	\$20.6	\$20.6

*Notes:*

- *Estimates assume a July 1, 2012 effective date, representing 11 months of collections for FY 2013.*
  - *Estimates reflect the September 2011 Economic & Revenue Forecast Council revenue forecast.*
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**Expenditure Impact**

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$5,900	\$28,800	\$31,700

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