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## Home sales tax raises cost for seller

Editor:

The New Jersey Legislature is considering allowing local municipalities to impose a local home sale tax on the sale of real property (A3190, A3341, A3387, S2080).

The local realty transfer fee in the amount of 50 cents per \$500 of the sale price will be in addition to the current home sales tax paid to the state.

Home sellers will feel the strongest impact from a local home sales tax. The seller typically pays for it based on the sale price of the property. The result is an instant reduction of homeowner's equity.

The current home sales tax due on a home sold for \$356,700 — the median price for an existing home in New Jersey — is \$2,799; with the extra local tax, the home sales tax would increase 13 percent to \$3,156.

New Jersey homeowners can now visit a Web site to calculate how much higher their home sales tax may climb if legislation in Trenton is enacted. The Web site [www.njhometax.com](http://www.njhometax.com) is part of a public awareness campaign sponsored by the New Jersey Association of Realtors.

Creating a home sales tax will further raise closing costs to overall sale prices. It will unfairly erode the equity homeowners have accumulated over the years.

The local realty transfer fee will not only impact homeownership, but the overall economy. Home purchase spurs an array of other purchases and services; a slowdown in purchases equals to slowing economy and reducing jobs.

The state-imposed fee, begun in 1968 as a nominal charge for tracking real estate transactions, has increased dramatically in recent years. The home sales tax on an average home is up 80 percent since 2003. The extra local home sales tax will push the total home sales tax bill up 103 percent since 2003.

NJAR calls this a "tax" because that is what this once-insignificant charge to record property transactions has turned into. Realtors have been continually fighting increases in home sales tax on behalf of homeowners. We urge the public to write to their elected officials and visit our web site.

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