

Battling a New Levy On Home Sellers

Realtors unveil a blitz against a proposed transfer tax

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The New Jersey Association of Realtors (NJAR) has launched a \$500,000 advertising and information campaign to protest legislation that would allow municipalities to assess their own fees on the sale of homes. Such fees would be on top of the realty transfer tax that the state now levies on home sellers.

"The state has already increased its realty transfer tax over 80 percent since 2003," says Jarrod C. Grasso, vice president of government affairs for NJAR. "We cannot allow this tax to be increased further. We will not allow it to be increased further and we will continue fighting on behalf of homeowners."

Grasso says the 55,000-member association fears that the proposed legislation could "slip through" the lame duck session—the period between election day and early January before the start of the new Legislative session.

Patrick O'Keefe, CEO of the New Jersey Builders Association, also opposes the bills. "It is yet another cost at a time when housing affordability is a barrier to working families," says O'Keefe. "It's an ill-advised and ill-timed proposal."

Five bills have been introduced in the Legislature that would allow municipalities to charge home sellers 50 cents per \$500 of their home's sales price.

The current realty transfer fee assessed by the state—the NJAR calls it a "home sales tax"—is \$2,799 on a home sold for \$356,700, according to the realtors. The proposed local tax would add 13 percent, or \$364, bringing the total to \$3,163.

"The Legislature looks to increase the transfer tax because they believe it's a tax people won't notice until they sell their homes," says Grasso. "But that is a crucial time. People use their equity to bankroll their next purchase or their retirement."

The association's campaign features advertisements in newspapers, radio and on the Internet.

It has also launched a Web site (www.njhometax.com) that is designed to inform homeowners about the proposed fee and provides a calculator to determine the fee increase on any home sale.

Assemblywoman Joan M. Quigley (D-Bergen and Hudson), who has sponsored two bills to create a local transfer tax, says she is surprised by the level of opposition. "It's a bit of overkill," says Quigley, who adds that the new tax amounts to just one-tenth of 1 percent of the sales price of a home and would be "imperceptible."

One of Quigley's bills (A-3190) authorizes the local fee in Jersey City and Newark; the other (A-3387) would apply it to towns statewide.

The Assembly Housing and Local Government Committee postponed a hearing on A-3190 last March after NJAR members sent the panel 18,000 e-mails and faxes protesting the measure.

Quigley says Newark and Jersey City need the revenue that the bill would bring in. "Where there is development, there are new streets and new lights and new sidewalks," she says. "But a few blocks away, where people have lived for generations, there are no upgrades. We want to balance it out."

Furthermore, she says, the \$5 million to \$7 million the tax would add to each city's coffers on an annual basis could help to restrain property taxes.

She says she is "hopeful but not quite as optimistic" that her measures will pass, because the housing market has cooled since she offered the bills.

Grasso says the Legislature should consider lowering instead of raising the transfer fee, which, he says, has been hiked twice in the past four years. "We have always felt this is an unnecessary burden placed on homeowners when selling their homes," he says. "And it often increases the price of home, therefore pricing more and more people out of the market."

While some towns in Pennsylvania and New York assess realty transfer taxes, he adds, New Jersey's state fees are among the highest in the country. "Every penny counts when you are selling a home in New Jersey," Grasso says, "especially when you are trying to roll that equity into another home. These are

real numbers."

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