



Pennsylvania Association of REALTORS®

Don Roth, PAR president
Press Conference
Capitol Rotunda
March 24, 2010

Good afternoon and welcome. I'm Don Roth, president of the Pennsylvania Association of REALTORS®. Joining me today is Joel Searby, vice president of Strategic Guidance Systems.

I would like to recognize Representatives Mario Civera, Glen Grell, Sue Helm, Marguerite Quinn and Dick Stevenson, as well as Senators Wayne Fontana and Bob Mensch. Thank you for your support.

I would also like to welcome my REALTOR® colleagues, many of whom traveled across the state to join us today.

They have come to speak with their legislators and voice their opposition to Governor Rendell's budget proposal that includes a tax on professional services in real estate transactions.

As you know, the House passed a spending plan yesterday. However, that is only one small part of the overall budget picture.

The governor's proposal for the 2010 - 2011 budget is to create a "stimulus transition reserve fund" that will be funded by new taxes on sales and service. That is what we are here to oppose today.

In the Governor's budget proposal, the state sales tax would be lowered to 4 percent but expanded to include 74 currently exempted items including professional services in real estate transactions.

Taxing professional services involved in the home-buying and -selling process will reduce demand for housing, something Pennsylvania can ill afford.

Consumers in Pennsylvania will have to spend thousands of dollars more to purchase a home if the governor's budget plan is enacted. Housing will become less affordable and beyond the reach of many Pennsylvanians.

Decreasing the demand for housing will only drag out the amount of time it takes for the economy to recover, in a state where unemployment already stands at its highest rate in nearly 25 years.

Taxing professional services in real estate transactions will take a huge chunk of the home-buying dollar in Pennsylvania. If enacted, Pennsylvania consumers will have to spend thousands of dollars more to purchase a home since, in addition to paying a 4-percent tax on real estate agent or broker services, they will have to pay a 4-percent tax on appraisals, attorney services, credit reports, mortgage originations, home inspections, surveys, title searches, construction, architectural services and site preparation.

As you can see, this proposed tax on professional services would not only affect consumers and REALTORS® but every profession and service included in the real estate transaction. REALTORS® oppose this tax on professional services.

And we are not alone. A recent survey of one-thousand Pennsylvania voters, conducted by Strategic Guidance Systems, finds that 70 percent of Pennsylvanians disapprove of the proposed taxes on professional services in a real estate transaction.

REALTORS® are saying "no" and Pennsylvanians are saying "no" to this plan that would increase the cost of buying and selling a home. Seventy percent of likely voters, the vast majority of whom are homeowners, say they are opposed to the expansion of the sales tax if it would adversely affect homebuyers and sellers.

Taxing professional services in real estate transactions will result in multiple taxes on the same transaction and is a significant burden on consumers. Not only would Pennsylvania homebuyers and-sellers be subject to a burdensome tax on a wide range of services, they would continue to be subject to a real estate transfer tax that is one of the highest in the nation, as well as a capital gains tax in certain situations.

Governor Rendell's proposed tax on professional services is not the answer to fixing the economy in Pennsylvania. It will further damage the housing industry and the professions and services related to it.

Thank you.

Joel Searby, vice president of Strategic Guidance Systems, whose company conducted the survey for the association, joins us to discuss the methodology of the poll.