

Realtors not happy with proposed local home-sale fee

By Kevin Canessa Jr.
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It was 1968.

The State of New Jersey implemented realty transfer fee, a fee that would be paid for by anyone selling a house. The cost was nominal: 50¢ for every \$500 of the selling price. Over the years, that fee has grown exponentially. There was a significant increase in 1975. There was another in 1985.

Under Gov. James McGreevey, the fee grew even more, and expanded to include a 1 percent fee on any home sold with a value more than \$1 million.

Gov. Jon Corzine has kept the fees in place.

Now comes word that Jersey City Mayor Jerramiah Healy wants to add a 50¢ fee for every \$500 of a home's value when it's sold, to be paid directly to his municipality.

And the New Jersey Association of Realtors fears that if Healy's plan takes effect, it could spiral to many other New Jersey towns, making it more and more difficult for a homeowner to sell a home.

Jarrold Grasso is the vice president for government affairs with the NJAR. He and his organization are prepared to do whatever it takes to ensure Healy — and ultimately, other mayors — never get a chance to implement such a local fee.

"Since 2003, there has been an 80-percent increase in fees as it is," Grasso said. "In the second quarter of 2007, the average home assessed in New Jersey was \$365,600. If you figure the state sales 'tax' as we call it, the state would get \$2,855 and the local tax would be \$366, bringing a transfer fee to \$3,251. That represents a 103-percent increase over 2003.

Grasso says the NJAR has no other choice but to fight the plan. He looks to Corzine's pledge not to create any new taxes as a major reason for this, because its officials fear the state would continue to increase its fees.

"He promised no new taxes," Grasso said. "But they're trying to mask all of this by calling it 'fees.' There's no difference, essentially. What was a fee has turned into another tax. Many people might not have the equity to pay these fees out of pocket. That's what we're most concerned about."

While Grasso wouldn't personally blame fiscal mismanagement on the state level, he says it's possible that officials in Jersey City — and then, elsewhere — could be looking for a local fee to get things in order.

"This is all on top of state fees," Grasso said "I don't know what to say about local municipalities. Maybe these places don't have their houses in order. Regardless, this can only be seen as detrimental to the potential homebuyer."

Local realtor Manuel Cuoto, of the Rosa Agency, staunchly supports the NJAR's initiative.

"I support, as a local realtor, the New Jersey Association of Realtors' formation of a consumer information Web site," Cuoto said. "At this site, you can calculate how much this tax, or realty transfer fee, would cost you when you see your home. You should send an e-mail to your state representatives telling them you're against the increase to this fee."

To find out more information on this proposed fee, log on to the NJAR's expose Web site at www.njhometax.com.