

Sales Tax on Services: Taxing real estate services is one area that directly impacts the real estate professional. As with most goods and services, instituting a tax on an economic activity is equivalent to raising the price and thus reduces the quantity demanded. Furthermore, when proposals are put forth to tax real estate services they are usually done in combination with other industry's services. One example of this is the 2010 proposal by Governor Rendell to implement a 4% Tax of Real Estate Commissions on REALTORS®; within the Governor's plan there were an additional 73 other services that were being proposed to be taxed. These included legal fees, accounting fees, and data processing fees. All of these areas would have directly affected an increased cost of operating a real estate brokerage due to these services being a component of the real estate transaction.

Property Tax and Reassessment Reform: REALTORS® recognize that irregularities exist **when counties do not conduct county-wide reassessments on a consistent basis**, resulting in an inequality of the property tax burden on property owners. REALTORS® believe that all property tax assessments should be fair, realistic and equitable. Presently, the majority of counties are not moving to keep their assessments current. This has forced many municipalities and school districts to institute point of sale property tax reassessments. REALTORS® do not believe that point of sale property tax reassessments should be utilized for they do not resolve the inequalities of the property tax burden. REALTORS® **oppose point of sale property tax reassessments** based on the fact that they unfairly target recent home and/or commercial property sales rather than the community at large via county-wide reassessment. This violates the Pennsylvania Constitutional requirement for tax uniformity. Furthermore, point of sale property tax reassessments can dramatically alter the real estate market for both buyers and sellers, subsequently hurting home values and home sales. Additionally, point of sale property tax reassessments can be a disincentive for future economic development. This could result in the loss of economic benefits associated with development and new growth such as employment, increased tax base, and increased tax revenues. Lastly, it may be cost prohibitive for corporate authorities (i.e. county, borough, township, town, or school district) to engage in the practice of appealing the assessment of recent home and/or commercial property sales. Potential costs include legal fees, consulting fees, court fees, filing fees and the like.

In closing, I would like to thank you for giving me the opportunity to outline areas of concern regarding taxes within the real estate industry. Again, any levied tax or fee that would be placed on a potential buyer or a real estate professional should not be viewed as separate entities but rather joint entities incurring a shared burden. It can be identified that any burden to the consumer or any burden to the REALTOR® creates a problem for the real estate industry as a whole. REALTORS® also believe that at the present time the housing market needs stability and confidence and cannot support any of these added burdens.