



10 South Commerce Way, Bethlehem, PA 18017 • 610-882-4100 • Fax 610-882-4144
www.lehighvalleyarea.com

Lehigh Valley Association of REALTOR® oppose realty transfer tax

Background

A realty transfer tax is a state and local tax assessed on real property when ownership of the property is exchanged between parties. All types of real property, including residential, commercial, and agricultural, are subject to the realty transfer tax. The tax is generally levied as a percentage of the value of the property. Realty transfer taxes may be assessed on either the buyer or the seller, but both are usually jointly and severally liable for the tax.

LVAR Position

LVAR does not support increases in, or appropriations from, the realty transfer tax due to the negative impact on real estate consumers, housing costs and the industry as a whole. Further, LVAR urges the repeal of any established realty transfer tax as the tax is a major burden to buyers and sellers of real property, particularly at the time of closing. LVAR has identified the following concerns with the realty transfer tax:

- **Unstable source of revenue:** The realty transfer tax is an unstable source of revenue due to the unpredictability of the housing market. While the revenue generated by the tax during times of economic prosperity and a corresponding housing upturn can be immense, the amount of revenue earned from the tax fluctuates as the supply and demand for housing vacillates due to varying economic conditions.
- **Makes it harder to buy or sell a home:** The realty transfer tax is burdensome and forces buyers and sellers to come up with more money up-front for closing costs, making it harder to buy or sell a home.
- **Increases the cost of homeownership:** Because the realty transfer tax is generally levied on the sales price of a property, both the buyer and seller have to add the additional cost of this tax onto the transaction.
- **Applied to a narrow tax base:** Because the realty transfer tax is levied only on buyers and sellers of property, the burden per taxpayer is much greater than the burden from a more broad-based tax designed to generate the same amount of revenue.

The Lehigh Valley Association of REALTORS® encourages government officials to discontinue their reliance on the transfer tax, and consider repealing the tax altogether.

Approved by the LVAR Board of Directors – October 2008