

**2009 North Carolina Association of Realtors®**  
**Legislative Day Issues**  
**April 22, 2009**

The North Carolina Association of REALTORS represents over 38,000 members making us one of the largest professional trade associations in the state. Real estate ownership and investment produces jobs and creates a solid foundation from which people can build a life. In addition, homeownership creates substantial social benefits. Homeowners have a vested interest in their neighborhoods and support efforts to make their communities better places to live. Homeownership also leads to the accumulation of wealth and financial independence.

The real estate sector has always been a vital component of our state's economy and heritage. Today our state's real estate industry faces several challenges and action is needed to advance homeownership and strengthen our economy. We welcome this opportunity to share our views regarding key issues for the 2009 session of the North Carolina General Assembly.

### **1. Repeal the Land Transfer Tax**

**Background:** A real estate transfer tax is paid by the **seller** when they sell their property. These taxes discourage homeownership, hurt economic development and are discriminatory, regressive and unreliable.

The voters have now spoken, as the **transfer tax has been rejected all 24 times it has been on the ballot** by an average margin of 3-to-1. Legislators have an opportunity to respond by repealing the transfer tax authority given to counties.

**REALTOR® Position:** The North Carolina Association of REALTORS® supports SB 915 (Repeal County Land Transfer Tax) introduced by Sen. David Hoyle (D – Gaston) and HB 1431 (Repeal Land Transfer Tax) introduced by Rep. Thom Tillis (R-Mecklenburg), Rep. Curtis Blackwood (R-Union), Rep. Nelson Dollar (R-Wake) and Rep. Shirley Randleman (R-Wilkes) because of the following:

- A transfer tax is not a tax on growth. It is a tax on home sellers -- people who already live here. It's a tax on a senior citizen trying to move into an alternative living arrangement; it's a tax on a young family trying to sell their starter home so they can move into a larger home down the street.
- Taxing home equity will drive up the cost of homeownership. Housing affordability is a key component of North Carolina's exceptional quality of life. Taxing home equity will impact affordability -- adversely affecting working families and senior citizens, in particular.

- Transfer tax revenues are unreliable because of fluctuations in the housing market.
- REALTORS® support broad-based initiatives to help pay for local infrastructure needs. The entire community benefits from services and infrastructure such as schools, so it's unfair to place the burden of paying for such services and infrastructure on one group of people ( i.e., those people selling their homes or land).
- Taxing the equity in your home is a bad idea. For most Americans, their home is their largest single investment. Adding a new tax to homes will tax the nest egg of homeowners.

## 2. Approve Homebuyer Tax Credit

**Background:** In North Carolina, we are facing economic challenges. Even our real estate sector, historically the most stable and vibrant segment of our state's economy, is dealing with adversity. A homebuyer tax credit for the purchase of existing and new homes would be the ultimate stimulus and would help families attain the dream of homeownership.

**REALTOR® Position:** The North Carolina Association of REALTORS® **supports** a homebuyer tax credit. There have been four separate bills introduced that would provide such a credit:

· **SB 912 (Home Purchase Stimulus)**, introduced by Sen. David Hoyle (D-Gaston), provides a \$10,000 tax credit over five years for the purchase of a permanent residence. The legislation sets aside a total of \$100 million for this credit on a first-come, first-served basis. Rep. Michael Wray (D-Northhampton), Rep. William Wainwright (D-Craven), Rep. Bill Owens (D-Pasquotank) and Rep. Hugh Holliman (D-Davidson) have introduced the House companion bill, **HB 1240 (Home Purchase Stimulus)**.

· **SB 818 (New or Existing Home Purchase Tax Credit)** was introduced by Sen. David Rouzer (R-Johnston) and would provide homebuyers with a \$15,000 tax credit over five years for the purchase of a permanent residence.

· **HB 663 (North Carolina Ten in Ten Plan)** was introduced by Rep. Ric Killan (R – Mecklenburg), Rep. Jim Crawford (D – Granville), Rep. Julia Howard (R – Davie), and Rep. Pryor Gibson (D – Anson) and would provide homebuyers with a \$10,000 tax credit.

## 3. Improve the Home Inspector Licensure Act

**Background:** The North Carolina General Assembly originally established a licensing system for home inspectors in 1994. Since that time, the home

inspector licensure laws have not been amended significantly and are in need of important modifications and improvements.

**REALTOR® Position:** The North Carolina Association of REALTORS® supports **SB 1007 (Amend Home Inspector Licensure Laws)** introduced by Sen. David Hoyle (D-Gaston) and Sen. Don Vaughan (D-Guilford) and **HB 979 (Amend Home Inspector Licensure Laws)** introduced by Rep. Pryor Gibson (D-Anson) and Rep. Thom Tillis (R-Mecklenburg) because of the following:

- The legislation will replace an outdated apprentice-style licensing system with a requirement that applicants for licensure take pre-licensing educational courses and pass an examination in order to become a licensed home inspector.
- The legislation benefits consumers and home inspectors by more clearly specifying the matters contained in a home inspector's written report to the consumer.

#### **4. Support the North Carolina Housing Trust Fund**

**Background:** The North Carolina Association of REALTORS® is committed to promoting homeownership and guaranteeing housing affordability. Because of this commitment, we whole-heartedly support the North Carolina Housing Trust Fund.

The Housing Trust Fund is a dedicated resource for financing housing that is affordable to low-income persons. All 100 counties have benefited from projects funded by the Trust Fund. Since 1987, the Housing Trust Fund has been used to finance homes for first-time buyers; to build apartments for working families, seniors, and persons with disabilities; and, to make emergency home repairs to keep vulnerable people living independently.

The N.C. Housing Finance Agency pays the cost of administration and all state appropriations go directly into "bricks and mortar."

**REALTOR® Position:** The North Carolina Association of REALTORS® supports a significant investment in the Housing Trust Fund.