

The Massachusetts Association of REALTORS® strongly opposes H.3313, which would authorize the creation of a new transfer tax on the sale of property in Provincetown. MAR believes that the imposition of this type of new sales tax on homes could have serious implications for the Massachusetts economy and set the wrong precedent for the Commonwealth's tax policies. If passed, other Massachusetts communities facing budgetary issues and needs may seek similar authority to solve local revenue problems.

Provincetown seeks to create an alternative revenue stream for its General Fund through a new tax (0.5%) by all homebuyers in the town (with exceptions), citing needs for road repair.

However, MAR sincerely believes that creating an "entrance or exit fee" to homeownership is the wrong way to solve this problem. No matter how well-intentioned, transfer taxes would increase the bottom-line price of many homes by thousands of dollars. MAR believes that the fact that these bills single out home sellers over a certain price (roughly all homes exceeding the median home price in each community) to subject them to this new tax only further exemplifies the inequitable nature of this taxing scheme. REALTORS® oppose real estate transfer taxes for the following reasons:

- **Discriminatory:** The proposed tax scheme is inequitable and discriminatory as it would single out a small segment of the population, specifically home buyers and sellers, to pay for a community wide need/responsibility.
- **"Equity Stripping:"** It is important to remember that, unlike a home purchase which can be financed, payment of a sales tax can't be financed. Such a tax would cost thousands of dollars due at closing from the buyer or taken from the seller's proceeds. In some ways, a transfer tax can be looked at as a type of municipal "equity stripping" of the value of one's home.
- **Prop 2½:** The tax would subvert the voter approval process inherent in a Proposition 2½ override in which voters can decide whether to increase their own property taxes.
- **Unstable Revenue Source:** The real estate market is highly sensitive to economic downturns; this tax would provide an unstable source of revenue for a current and ongoing community need.
- **Barrier to Entry:** The tax is exclusionary because it would increase the cost of home ownership and in effect create an additional barrier to entry for an already expensive part of the state

Status: Filed in House; Awaiting Committee Assignment.

Action Needed: Ask your legislators to urge the assigned Committee to report the Bill "Ought NOT to Pass."