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Many are unaware of sales taxes on homes

Another form of taxation to the homeowners of New Jersey is the Realty Transfer Fee (RTF), pursued aggressively under Jim McGreevey and continued by Jon Corzine as an additional source of revenue.

Many of you who count on the profit of your home to move into another or out of state, are hit with this regressive tax, also known as New Jersey's exit tax.

The homeowner is penalized on all their years of hard work and investment that was put into that home, money taken from the equity that was built into the sale of that home.

You as a homeowner have to pay a tax for the privilege of selling your home.

Also, on a foreclosure, a realty transfer fee must be paid on the remaining balance of the mortgage, by the purchaser.



The home sales tax due on a home that sells for \$356,700 is \$2,800; a \$600,000 home would have to pay \$5,185. The New Jersey State Legislature is considering further increases to the home sales tax by permitting individual municipalities to establish their own fees in addition to those charged by the state. With the extra tax, the home sales tax bill would increase 13 percent. Many who sell their home are not informed of this tax, and are surprised when hit with the additional fees taken from the profit at the time of closing.

Since 2003, this tax has increased over 80 percent, and with the added municipal home sales tax, it would make it 103 percent since 2003.

With the higher realty transfer fee increase imposed in 2004, there was an 81 percent increase, with the state general fund receiving 57 percent of the total realty transfer fee, 19 percent for the state's Extraordinary Aid Account (EEA), 18 percent to the Neighborhood PNRF, 18 percent to the counties for general use, and 7 percent for the counties' Public Health Priority Fund, with a portion dedicated to affordable housing.

The 1968 fee in the beginning was revenue collected to cover the costs of recording real estate transactions. Having risen four times since then, increasing substantially each time, it is now used to fund general state expenditures, neighborhood preservation, public health, and shore protection.

Is Gov. Corzine telling us that state government will now keep all of what they receive from the realty transfer tax, with the municipalities now able to charge a tax to make up for what they won't be getting back from the state? Would this be considered double taxation?

This is a huge sum of revenue to the state. Was anyone keeping tabs on how it was spent? Or were the funds escalating year after year, just because there was an eternal, never-ending flow of tax revenue?

Has the state decided to keep all of the money as another alternative to be used toward balancing the budget?

This is one more tax burden that needs to be brought under control, and the monies collected must be accounted for.

Joe Sinagra
Candidate
N.J. 18th District State
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