



Nebraska REALTORS® Association

The Voice for Real Estate in Nebraska

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Vision: The Nebraska REALTORS® Association is the leading voice for real estate in Nebraska, providing a professional environment for all our members.

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The Honorable Speaker Jim Scheer
Room #2103, State Capitol Building
Lincoln, NE 68509

Dear Speaker Scheer,

I am writing today as the 2018 President of the Nebraska Realtor's Association and on behalf of Nebraska's 4700 Realtors to express our concerns with LB 1084 and ask you to vote against the motion to pull the bill from the Revenue Committee.

The Nebraska Realtors Association opposes the application of sales tax real estate services including but not limited to, real estate brokerage commissions, title searches, appraisals, home inspections, and any other services related to the real estate transaction contained in LB 1084. Furthermore, we object to the discriminatory and selective taxation of real estate services provided only as to single-family housing to the exclusion of every other property type.

The sale of the family home is one of the most significant and largest financial transactions in the family's financial life. It is done only infrequently, and it is very complex. This is why the vast majority of home sellers use the services of a Realtor to safeguard their investment. The added costs of using a Realtor in the home sale process due to the sales tax imposed by LB 1084 may lead some sellers to avoid using a Realtor to their financial detriment. To that extent, LB 1084 is dangerous to the home owner's best interests and could have other unintended consequences.

By reducing the number of home sales in Nebraska, LB 1084 could have a significant negative impact on Nebraska's economy. According to the National Association of REALTORS® research from 2016, the total economic contributions derived from selling just one home in Nebraska totaled approximately \$48,400. That impact effects not only real estate related industries, but also consumer items such as furniture, appliances, and remodeling. The sale of a home also generates an economic multiplier impact such as greater spending at restaurants, sporting games, and charity events. Furthermore, additional home sales stimulate added home production. Typically, one new home is constructed for every eight existing homes sold. Thus, each existing home sale adds 1/8 of a new home's value to the economy*. It is very easy to see why anything that reduces the number of homes sold in Nebraska is very bad for Nebraska and its citizens.

The bill is ultimately detrimental to state and local economies because it erodes the value of what is typically the Nebraska family's greatest asset: the equity in the family home. For example, the state sales tax on the sale of a \$214,000 home (the average sales price in my area, Omaha) would be around \$1050. This is a very significant reduction in the equity coming out of the home sale and will reduce the family's ability to purchase their next home or to use their net proceeds for any other intended use such as for retail purchases, debt reduction, investment or retirement.

Finally, we have heard that there may be attempts to promise changes to LB 1084 which may remove certain items in exchange for support. We caution you and ask you to not support any promise like this. When you vote to pull a bill from committee you are voting on the original bill, without any amendments. There is no guarantee that any amendment will be successful.

We believe strongly that the Legislature should focus on comprehensive tax reform and would welcome the opportunity to be part of the discussion. We would welcome the opportunity to share more information regarding why LB 1084 is bad for Nebraska's home owners. Please contact Jeff Hebb at 402-323-6500 if you would like to schedule a time to talk.

Sincerely,

Herbert Freeman
2018 President Nebraska REALTORS® Association

*Source: BEA, Census, NAHB, Macroeconomic Advisors, NAR