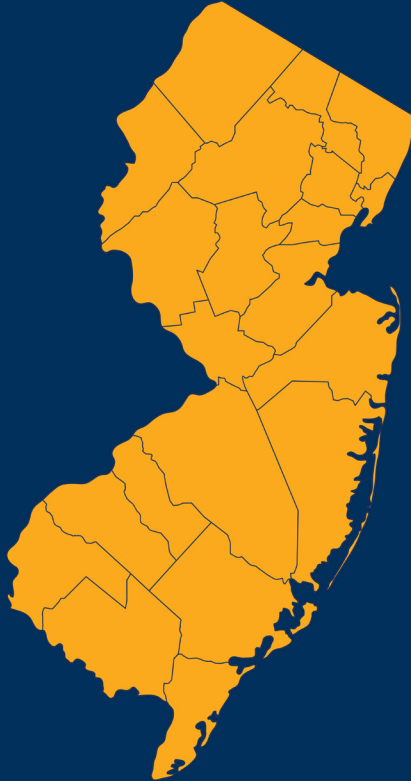
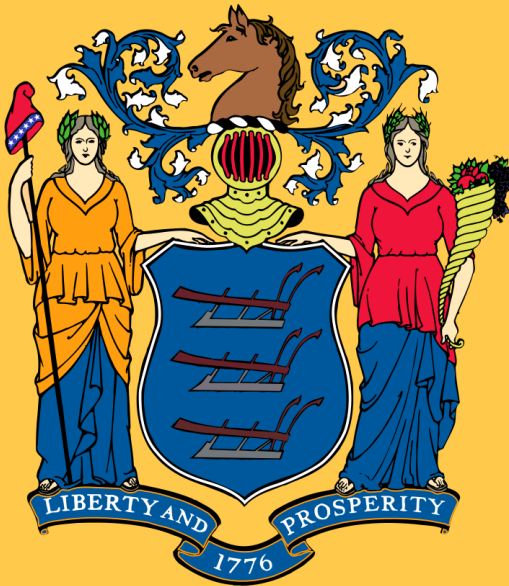


2024-2025 LEGISLATIVE ISSUES



NEW JERSEY
REALTORS®



New Jersey Realtors®

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2024-2025

- 1 — A Message from CEO Jarrod C. Grasso
- 2 — Property Taxes
- 3 — State Budget
- 6 — Time-of-Sale Requirements
- 8 — Independent Contractors
- 9 — Flood Insurance Policies
- 10 — Deed Protection
- 11 — Energy Master Plan
- 12 — First-Time Homebuyer Programs
- 13 — Local Issues

**There is pending legislation as of printing.*

The Voice for Real Estate

With a legacy spanning over a century, New Jersey Realtors® has consistently championed private property rights and real estate matters. We tirelessly advocate for our more than 61,000 members and the nine million residents of the state. At our core, New Jersey Realtors® believes in the American Dream of owning a home or business, recognizing its indispensable role in fueling economic growth. As one of the largest trade associations in New Jersey, our community-oriented Realtors® are your trusted friends and neighbors who are deeply committed to the places they call home. Their expertise and professionalism are integral to our economic foundation.



We provide the most accurate and comprehensive data on the New Jersey housing market, offering insights at the municipal, legislative district, county, and state levels. New Jersey Realtors® stands ready to assist with any housing market or private property rights inquiries.

We anticipate collaborating with you and trust that the information contained in this booklet will serve as a valuable reference point when shaping legislative initiatives.

A handwritten signature in black ink, appearing to read 'J. Grasso'.

Jarrod C. Grasso, CEO

PROPERTY TAXES

Garden State families continue to pay some of the highest property taxes in the country, which threatens home affordability and the cost of living. In 2022, the average New Jersey resident paid \$9,500 in property taxes, and in eight of New Jersey's 21 counties the average property tax bill is more than \$10,000. While the rate of property tax increases has slowed in recent years, they continue to have a major effect on the cost of living. It's clear there's a need for further efforts to not only control property tax increases, but to begin decreasing property taxes in New Jersey.

New Jersey Realtors® believes there should be policies to control and lower New Jersey's highest in the nation property taxes, and any legislation which could lead to an increase in property taxes should be thoroughly debated.

Beyond not enacting policies that will make it more expensive to live in New Jersey, there are policies which can be

enacted to address high property taxes and make it more affordable to live here. On the federal level, Congress can repeal the cap on the State and Local Tax Deduction, and on the state level, our elected officials can adopt policies such as the sharing of services and continuing to provide property tax relief.

To address New Jersey's reputation as a place where it is too expensive to live or work, all levels of government must come together. This requires not only enacting policies to lower property taxes and make it more affordable to own a home or run a business, but also refraining from policies that could make it more expensive to live in New Jersey. New Jersey Realtors® has released numerous property tax reports.



STATE BUDGET

Every year when the governor proposes the state budget for the next fiscal year, New Jersey Realtors® works with the State Legislature and administration to ensure there are no new tax or fee increases included that will make it more expensive to own a home or run a business in New Jersey, and backs programs that support home owners, business owners, and the real estate industry as a whole. These are the areas NJ Realtors® tirelessly monitors during the State Budget proceedings:

Realty Transfer Fee (RTF)

The realty transfer fee was created in 1968 with the purpose to record deed transfers during a real estate transaction and the fee was nominal. Over time, the fee has increased significantly. In the first quarter of 2023, the average priced home sold in New Jersey was approximately \$550,000, and the realty transfer fee cost homeowners nearly \$5,000. In the first decade of this century, the RTF increased by nearly 50%, making it far

more expensive to buy or sell a home in New Jersey. This increase, on top of the already high cost-of-living and property taxes in the state, places a burden on those buying or selling a home. The State Legislature should not only oppose any possible future RTF increases, but also begin the process of lowering the fee. Additionally, given the average home sale price has increased in the 20 years since the general purpose fee was created, the State Legislature should increase the threshold for when the general purpose fee begins to be collected from \$350,000 to \$550,000, which is closer to the current state home sale price average.

STATE BUDGET

We will continue to advocate for the elimination of the 1% buyer's fee on properties sold over one million dollars.

New Jersey Realtors® strongly opposes any RTF increase proposals and believes the State should instead focus on ways to reduce the fee back to pre-2003 levels. New Jersey Realtors® also remains opposed to any efforts to allow individual municipalities to enact their own RTF.

Seasonal Rental Tax

In 2018, a transient accommodation tax was enacted in New Jersey for rentals of less than 90 days rented through new avenues, such as online rental marketplaces. New Jersey Realtors® strongly opposed this tax being applied to traditional seasonal rentals, which have occurred for decades at the Jersey Shore. If applied to traditional seasonal rentals, it could have cost the state more than \$20 million in tax revenue and led to a loss of 2,000 jobs. At a time when more families opt to vacation locally, the State should not consider extending this tax to traditional seasonal rentals. We also believe policies should not be enacted that would restrict short-term or seasonal rentals.

New Jersey Realtors® strongly opposes any legislation that would extend the transient accommodation tax adopted in 2018 to traditional seasonal rentals in New Jersey.

STATE BUDGET

Professional Services Tax

New Jersey Realtors® continues to strongly oppose any proposal that would extend New Jersey's sales and use tax to real estate licensees' commissions when a property is bought or sold, as this is already taxed under the state income tax. This would equate to double taxation and would be a tax increase of over \$1,000 when a home is sold. Any tax that will make it more expensive to buy or sell a home in New Jersey is a non-starter and should not be considered at any time.

New Jersey Realtors® strongly opposes extending the Sales and Use Tax to commissions earned by real estate professionals, which is already taxed under the state income tax.

New Jersey Real Estate Commission (REC) Operating Funds

To ensure the governing body which regulates the real estate industry has the resources it needs to protect the public and integrity in the real estate profession, we believe it is essential for the REC to have a sufficient level of funding provided by the state budget on an annual basis. The REC has had difficulty in transmitting important information to the licensees and updating its rules to ensure they are in line with newly adopted state laws, and the State Legislature must ensure the REC has the resources it needs to ensure the integrity of the real estate profession.

To protect the integrity of New Jersey's real estate industry and consumers, New Jersey Realtors® believes it is essential the REC maintain a sufficient level of funding.

TIME-OF-SALE REQUIREMENTS

Many policies proposed at any level of government are well-intentioned but often have unintended consequences. At a time when New Jersey should be enacting policies to make it less expensive and easier to buy or sell a home, we must be very cognizant of enacting any policy having the opposite effect. When debating any new policy, the State Legislature should also consider the effects on those who will have to comply with it, if it is possible to enforce, and if those responsible for enforcement have the necessary resources.

months, New Jersey Realtors® continues to receive reports of non-enforcement. Given the high costs of lead remediation, approximately \$15 per square foot, and municipalities failing to enforce or implement the requirements, New Jersey Realtors® has serious concerns about any proposal to extend this requirement to property sales.

New Jersey Realtors® believes the best path forward to ensure homes are free of lead paint, regardless of whether they are being sold or not, is to ensure there is adequate funding in the annual state budget or to enact tax deductions.

Lead Paint Remediation

In 2022, a new law took effect requiring the inspection and remediation of pre-1978 rental properties for lead paint. Municipalities are responsible for enforcing the requirements of the new law. Despite taking effect a year after its signing, many municipalities were unprepared to enforce it, and even after 10

TIME-OF-SALE REQUIREMENTS

Fire Extinguishers

In the past, the State Legislature approved bi-partisan legislation which would have amended a well-intentioned state law removing a time-of-sale fire extinguisher mandate. However, the bill was conditionally vetoed in 2013, instead calling for a study on the issue. While the conditional veto was approved by the State Legislature, the study was never released to the public.

New Jersey Realtors® believes the fire extinguisher inspection requirement should not be tied to the time-of sale, especially given that many first responders questioned this requirement as well when it was being debated in the State Legislature.

Lawn Sprinkler Rain Sensors

Since 2006, proposed legislation would require the installation of rain sensors on lawn sprinkler systems before a home with such a system is sold. While the preservation of our water supply is undoubtedly important, New Jersey Realtors® questions whether adding another requirement during the home selling process is the right way to accomplish this goal.

New Jersey Realtors® believes a policy requiring the installation of rain sensors at time-of-sale should not be adopted, as they can be difficult to test in the winter and may require professional installation.

INDEPENDENT CONTRACTORS

New Jersey Realtors® strongly supports the longstanding and continued use of the independent contractor status in the real estate profession. In an industry like real estate which has utilized the independent contractor status for years, it is crucial to maintain the use of the status so real estate professionals can continue to serve their clients.

In the real estate profession, brokers oversee the agents licensed within their offices, many of which operate under independent contractor agreements they voluntarily enter, a practice which has now been codified both in the NJ Real Estate Commission rules and in state statute. Despite these changes, there are still concerns that regulatory agencies or the courts could change this status.

Due to these concerns, it may still require future changes that would have to be considered by the State Legislature to strengthen and protect the independent contractor status in New Jersey's real estate industry.

New Jersey Realtors® strongly supports maintaining the independent contractor status so real estate professionals may continue to operate and serve New Jersey home buyers and sellers.

FLOOD INSURANCE

New Jersey Realtors® supports the continuation of the National Flood Insurance Program to ensure families living in flood zones have access to affordable and adequate insurance to protect their properties, and ensure insurance is readily available when a home in a flood zone is up for sale. We also support proposals to provide resources to those in flood zones and flood zone search tools to families living in a flood prone area so long as the State adopts the rules it needs to implement before it goes into effect.

New Jersey Realtors® believes in the continuation of the National Flood Insurance Program is crucial to a strong real estate market in New Jersey.

DEED PROTECTION

New Jersey Realtors® continues to work each legislative session to ensure home buyers and sellers are not encumbered by deed restrictions during a real estate transaction. In the past, we worked with the State Legislature to eliminate restrictive covenants so deeds could not be recorded by clerks moving forward while also creating a system to remove restrictive covenants.

We are now working to ensure homeowners can list their homes with whichever company they choose when selling their home. New Jersey Realtors® was made aware of a company that entered decades-long contracts that gave them the exclusive right to list a home when it is being sold.

Working with the State Legislature, legislation has been introduced setting a maximum contract length of five years while also providing a way for homeowners to get out of their existing contracts if they so choose.

New Jersey Realtors® believes homeowners should be able to list their homes with a company of their choice and long-term listings should be limited and give property owners an option to end a long-term listing.



ENERGY MASTER PLAN

New Jersey Realtors® closely reviews all aspects of any Energy Master Plan to review any proposals that could create any time-of-sale requirements such as for mandatory energy audits or retrofits. In addition, we also have concerns with proposals within them that would make it more expensive to own a home or business in New Jersey such as proposals requiring homes or businesses to be converted from natural gas to electric.

Rather than adopting policies in the Garden State that make it more expensive to own a home or business, the State Legislature should support policies and allocate resources to assist owners make their properties more energy efficient.

Recently, the New Jersey Realtors® Issues Mobilization Fund commissioned a study showing the costs of Energy Master Plan proposals.

While supportive of the goals in the Energy Master Plan, New Jersey Realtors® has concerns with mandatory energy audits, retrofits at the time-of-sale, and policies requiring property owners to replace gas appliances with those fueled by electricity.

FIRST-TIME HOMEBUYER PROGRAMS

A first-time homebuyer program would help those interested in purchasing a home for the first time build up the necessary savings.

By providing tax benefits to encourage first-time buyers to set aside funds in a savings account, the State would provide a necessary tool to assist New Jerseyans in having the funds they need to purchase their first home.

The State Legislature should also continue to provide funds annually through the State Budget for the First-Time Homebuyer Down Payment Assistance Program to help New Jerseyans achieve the American Dream of purchasing their own home. By supporting these and other programs, the State Legislature will show its support for policies that will increase diversity in homeownership, a position strongly supported by New Jersey Realtors®.

We believe the State should be enacting policies that will make it more affordable and easier to expand homeownership opportunities across New Jersey, making us a model across the nation as a State working to support diversity in homeownership.

New Jersey Realtors® is in strong support of legislation which establishes a First-Time Home Buyer Savings Account Program in New Jersey and any legislation that makes it more affordable to own a home.



LOCAL ISSUES

In addition to the work New Jersey Realtors® does at the state level, working with our local boards associations, we also frequently work on local ordinances affecting homeownership, private property rights, and the real estate industry.

New Jersey Realtors® strongly believes homeowners should be able to utilize their properties in many ways, with the appropriate regulations while also protecting the quality-of-life for all residents of a community where they are located.

Short-Term Rentals

Short-term rentals are essential for homeowners to cover their expenses and have a positive impact on communities through the spending of short-term renters, tax contributions, and addressing rental needs. For example, short-term rentals may be necessary when remodeling a home or visiting a family member in a local hospital in an area without available hotels. Instead of banning short-term rentals, municipalities should regulate them.

LOCAL ISSUES

Age-Restricted Communities

Many municipalities in New Jersey are home to age-restricted communities, those where in order to occupy a home within the community, one has to be over the age of 55 or 62. State and federal law are clear that while one has to be over the age of 55 or 62 to occupy a home in a community, there can be no prohibition from a person under this age from buying a home so long as they certify the occupants will be over this age. For example, there should be no prohibition on a person under the age of 55 or 62 from buying a home in a community for their parents over this age.

New Jersey Realtors® believes federal and state law is clear and no age-restricted community or municipality should pass or have a policy in place. It violates federal and state housing laws, and restricts who can purchase a home in a community, affecting the issue of private property rights.

Rent Control

Rent control ordinances can make it more difficult for landlords to be able to adequately maintain their properties, which is detrimental to their tenants, and makes it extremely difficult for homeowners owning rental properties to afford the property taxes and other expenses associated with homeownership in New Jersey. Rather than adopting restrictive rent control policies, New Jersey Realtors® has worked with municipalities across the state focusing policies toward larger multi-family rental properties or advocating for towns with rent control policies to instead adopt a policy of vacancy decontrol, allowing homeowners to charge market level rents, but only after a tenant voluntarily vacates the property.

New Jersey Realtors® opposes rent control ordinances that create an undue burden on both homeowners and renters.



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