**North Dakota Association of REALTORS®**

The North Dakota Association of REALTORS recently embarked on a new website and logo.  The new look of the website is complete but links and material still need some tweaking.  We did not feel the new logos presented were forward looking or modern so we have hired a new firm to handle that and hope for the completion soon which will then complete the website look.

With the sound defeat of the ballot measure last year to abolish property taxes in North Dakota we are continuing our relationship with many of the 80+ members of the coalition.  Relations with those close to our industry are important as we enter into a campaign of our own (below) and the group to eliminate property taxes is again out gathering signatures to get on the ballot in 2014 with the intent to once again try to eliminate property taxes.

While there may be several ballot measures in 2014 dealing with property rights the biggest by far will be our lead to permanently prohibit the imposition of mortgage taxes or any sales or transfer taxes on the mortgage or transfer of real property.  We currently don't have them and feel now is the time to do a permanent ban.  Through an initiated ballot measure with the help of the ND legislature and NAR we are undertaking the task to get it into our states constitution.  Our leadership have committed resources of our NDAR office and staff to get this passed and our members are being mobilized to be the "boots on the ground" to do the public education.  (See attached article on it)

Scott Breidenbach, President

Vicki Roller, President Elect

**Government Affairs – Nancy R. Willis, GAD**

**Real Estate Transfer Tax**

As all of you know, in 2012, a group called Empower the Taxpayers of North Dakota was able to collect enough signatures to place Measure 2 on the June ballot. The measure would have amended the ND Constitution to strictly limit municipalities’ ability to levy property taxes. Had it passed, any revenue lost would have needed to be replaced by the state. The rationale was that state government is holding back too much state oil revenue in reserve funds, rather than providing property tax relief to North Dakota residents. Although it was defeated, NDAR recognized that in the current environment taxpayers are looking for property tax relief and local and county municipalities and others are looking for new sources to replace property tax revenue. In August 2012, NDAR also was aware that real estate transfer taxes had been adopted successfully in 36 states and D.C., proposed and defeated in Arizona, Louisiana, Missouri, Montana and Oregon and that the South Dakota Legislature was considering a proposal to increase that state’s real estate transfer tax. (It was subsequently defeated)

Real Estate Transfer Taxes, sometimes called “deed recordation taxes,” usually take the form of a point-of-sale tax, equal to a percentage of the final sales price or value of the property transferred. The tax is commonly collected by the local official responsible for recording deeds to real estate and it must be paid prior to the deed to the property being recorded. In a number of cases, the tax is paid and evidenced by the affixing of stamps to the deed. In some states and localities, statutes include certain exemptions from real estate transfer taxes, such as for first-time home buyers, or up to a certain level of transaction value.

Some of these real estate transfer taxes have been in place since the 1910’s, but most were enacted in the 1960s. In 13 states that have real estate transfer taxes in place, the initial tax rate has been increased twice and in 28 states (including the 13) unsuccessful attempts to raise rates have occurred. During the last 16 years, there have been persistent attempts to enact transfer taxes in states that don’t currently levy the tax and once enacted, state legislatures have persistently attempted to increase the tax rate. When they have been successful, they have increased the tax rate on average, 80% each time they have been raised. The National Association of REALTORS® opposes taxes on real estate transfers because it inhibits the buying and selling of real estate; makes housing less affordable; supports public services that benefit the many by taxing the few and creates a “double tax” because most homeowners pay property taxes and a real estate transfer tax is another tax on the same piece of property.

So in August 2012, NDAR began working to ensure a real estate transfer tax would not be enacted in North Dakota. A member survey was conducted to gauge member support for seeking legislative approval to place a constitutional amendment on the November 2014 ballot to ban real estate transfer taxes. Surveys also were conducted on ballot language, based on activity in other states, both with and without this tax. Support was identified and in September 2012 at a joint NDAR Board of Directors and General Membership meeting, the decision to seek a constitutional amendment was re-affirmed. Some questioned why the pursuit of a constitutional amendment vs legislation, but as you read above, legislation in states with this tax often results in a re-visit and increase in the future.

During the 2013 ND Legislative Session, Scott Louser, a broker/REALTOR® from Minot and a state representative (R-5), who also originally brought this tax issue to NDAR’s attention, was the primary sponsor in introducing House Concurrent Resolution 3006 to put the measure on the 2014 ballot. The resolution was passed and this measure will be on the November 2014 ballot.

We will be asking support from all NDAR members to ensure that voters vote YES to enact a new section to article X of the North Dakota Constitution to prohibit the imposition of mortgage taxes or any sales or transfer taxes on the mortgage or transfer of real property. NDAR has established a Transfer Tax Steering Committee and with NAR’s help will be engaging in a campaign to inform and educate voters about the importance of voting YES on this measure. We will run advertising and have materials for you to use in this effort. In the meantime, we urge you to take every opportunity that presents itself to talk to your families, friends, neighbors, colleagues, clients, etc. to educate them about this issue and encourage them to vote YES on Measure 2 (our measure) on the November 14, 2014 ballot.

A real estate transfer tax affects all real property whether residential, commercial or agricultural. NDAR is opposed to it for all of the same reasons NAR is opposed to it, especially because it adds a financial burden on individuals that are parties to the transaction and so may reduce the number of people who can afford to buy property, reduce the availability of property for sale and may be passed onto renters by landlords who have had to pay this tax when they buy property. All of these things affect your business. If you would like to volunteer to assist us with the campaign or have any questions about this issue, please contact Nancy R. Willis, at 701-355-1010 or by e-mail at [nancy@ndrealtors.com](mailto:nancy@ndrealtors.com). *(Some information for this article has been taken from an NAR presentation entitled “History of Real Estate Transfer Taxes”)*