

NAR MYTH BUSTERS



Two e-mail chains have circulated among members and are generating a lot of confusion in the REALTOR® ranks. **Both are wrong.**



“Homeowners Listen Up” E-mail

Claim: Pending legislation in the Senate would require an energy license or retrofit for home sales.

This email is **FALSE**: There is no requirement in H.R. 2454, The American Clean Energy & Security Act, that home sellers obtain either a license or energy audit or make energy retrofits before they can sell their home. The legislation, earlier passed by the House, is pending in the Senate.

FALSE

FACTS:

Here are the two **REAL** provisions in the bill:

- Section 202 (Building Retrofit Program) would offer matching grants for home improvements. State government would administer the program, which is voluntary and available to all property owners.

See back for more details . . .



“National Real Estate Transfer Tax” E-mail

Claim: The health care bill contains a 4.0 percent “transfer tax” on homes sales.

An opinion piece in the Spokane, Wash., Spokesman-Review last month **FALSELY** reported that the health care bill contained a provision for a 4.0 percent “sales tax” or “transfer tax” on the sale of a home.

FALSE

FACTS:

This e-mail was circulated far and wide, and is inaccurate. We responded to questions from the media and members and continue to do so. This week we got a boost from an unexpected third-party, the Portland (Ore.) Oregonian. The Oregonian did some old-fashioned fact-checking, and reached correct conclusions published Tuesday, April 27.

"Homeowners Listen Up" E-mail continued . . .

- Section 204 (Building Energy Performance Labeling Program) would apply to new construction only and prohibit time-of-sale labeling. The original energy audit and MLS listing provisions were deleted as the result of NAR insistence; existing real estate was excluded from the bill's requirements.

NAR will work to ensure that these provisions are retained in the Senate version. We were also instrumental in eliminating time-of-sale energy efficiency requirements from the bill. Senators John Kerry (D-Mass.), Lindsay Graham (R-S.C.), and Joe Lieberman (I-Conn.) are pursuing bipartisan support for an alternative to the House bill, and NAR will monitor that progress to ensure residential and commercial real estate are not adversely impacted.

A packet of facts and FAQs NAR created after the House bill was passed last summer is available at www.realtor.org/government_affairs.

**For more information on the energy bill, contact:
Austin Perez, 202-383-1046, aperez@realtors.org**

"National Real Estate Transfer Tax" E-mail continued . . .

Read the analysis by **FACTCHECK.ORG**, SUMMARY:
THE CLAIM IS FALSE.

Let us sum up: The health bill included a provision that imposes a new 3.8 percent Medicare tax for some high-income households that have "**net investment income.**" Any revenue collected by the tax is dedicated to the Medicare hospital insurance program.

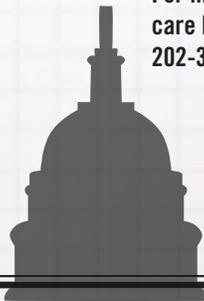
This new tax applies only to households with Adjusted Gross Income (AGI) of more than \$200,000 for individuals or more than \$250,000 for married couples. Since capital gains are included in the definition of net investment income, an additional tax obligation **might** result from the sale of real property.

Even if the AGI limits are met, the new tax **would not be applied to capital gains that result from the sale of a home**, since the existing home sale capital gains exclusion rule still applies – \$250,000 (individual)/\$500,000 (couple). So if the gain from the sale of the primary residence is below that amount, then **NO** Medicare tax will have to be paid on the gain. The new Medicare tax would apply only to a home sale gain realized in excess of the \$250K/\$500K that pushes the filer's AGI over the \$200K/\$250K income limits.

Some other quick points:

- The new Medicare tax will take effect January 1, 2013.
- The legislation makes no changes to the mortgage interest deduction.

**For more information on the tax provisions in the health care legislation, contact: Linda Goold,
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