

## **Real Estate Transfer Tax**

**Submitted by Jules Kopel-Bailey**

### **About Jules:**

Jules Kopel-Bailey is an economic development and sustainability professional, and is currently running for State Representative in HD42. As a native of SE Portland, he knows first hand the need to preserve vibrant, family-friendly, and affordable communities. He has been a long time advocate for strong land use planning and conservation, and is committed to fighting climate change, supporting education, and building a strong economy.

### **About the Real Estate Transfer Tax Proposal:**

*Real-Estate Transfer Taxes: Boring name – Big idea*

*We must increase and stabilize state revenue*

For too long, Oregon has ridden the boom and bust cycle of its tax system. When times are good, we are just able to hold the line on state services. When times are bad, our schools, health care system, and public investment crumble. Real estate transfer taxes (RETTs) offer a simple way for local governments and the State to increase support for education, affordable housing, and conservation, and to preserve the livability of our communities.

*RETTs are fair and equitable*

A RETT is a tax on the value of a piece of property when real estate is bought or sold. Buyers and sellers can negotiate who pays the tax as part of closing costs. The rate often ranges from around a quarter-percent (as in New Jersey) to about one percent (as in Nassau County, New York), which translates to about \$750 - \$3000 for a \$300,000 home. This amount is far less than the standard fees for closing on a house, and would be lumped into a much larger exchange of money.

The tax rate can be adjusted so that the rate changes as the value of the property increases. For example, less expensive property might be exempt from the tax to protect low-income buyers and sellers. The rate can also be adjusted for the length of time a piece of property is held, protecting elderly and long time residents and discouraging speculators. An important feature of RETTs is that as housing prices rise, tax revenues rise to help the problems of gentrification. RETTs allow us to capture some of the investment in our community.

*RETTs strengthen our community*

RETTs are most often used for investing in affordable housing and for setting aside areas for critical habitat and land for conservation. We need to address both these issues in our community right now. As housing prices have risen, families have been driven out of the core in Portland. Portland Public School enrollment is declining, and with it, funding for our children's education and the teachers, counselors, custodians, food service workers, and other staff who serve them. Investing in affordable housing means diverse, vibrant communities in Portland that are accessible to all and support our schools. Moreover, with the rights created by Measure 49, both urban and rural areas need to be able to purchase rights to land that might otherwise be developed. RETTs are a specific policy that will help

create good schools, good jobs, affordability, and conservation. These are Oregon values, and RETTs will be a key piece of a sustainable Oregon economy.

*The legislature can and should act now to allow RETTs*

Currently, the State of Oregon prohibits local governments from creating RETTs. Each time the issue has come up in the legislature, special interests have managed to kill it. At a minimum, the 2008 or 2009 legislature must allow local governments to decide if RETTs are right for their community. County Commissioner Jeff Cogen and City Commissioner Erik Sten have both advanced this idea, and it's time for the legislature to untie their hands. The legislature should also consider enacting a baseline statewide RETT to which local governments could add. Affordable housing and conservation oriented non-profit groups could be valuable partners to fight for RETTs, and some have pushed similar legislation. They need volunteer support, grassroots public involvement, and allies in the legislature to make it happen. If I am elected, it will be one of my first priorities.

### **3 Questions:**

*What is your current strategy for moving this idea forward? What is the general timeline?*

My current strategy to move the idea forward is: I will build a consensus among affordable housing and conservation advocates that the time is right for RETTs. I will advise that we lay the groundwork in the 2008 session to prepare for a bill in the 2009 legislature. If I am elected State Representative, I will fight for the bill in the 2009 session. If not, I will continue to lobby and work with these groups to make sure the 2009 legislature makes it a priority.

*Based on the list of prizes that are available for the winner of this contest, what prizes would you select and how would you put them to use?*

I would select the media packages and the appearance on KPOJ to build public awareness. I would also use a sponsored "Lobby Day" to build support amongst legislators.

*Voters in the Progressive Policy Battle Royale commit either money or volunteer time to whichever ideas they support. To what 501c3 organization will your monetary donations go and how will they be used? How will you be able to put volunteers to use and what kinds of tasks will they perform?*

I am asking that donations be divided amongst 1000 Friends of Oregon, the Community Development Network, Coalition for a Livable Future, and the Nature Conservancy so they can advocate for RETTs and allied ideas. Volunteer hours will go to the Bus Project to lobby legislators and build support in key districts.