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5 Day Forecast



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Business

Realtors oppose tax reform

GRETCHEN METZ , Staff Writer

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Legislation that would triple the state real estate transfer tax -- from 1 percent to 3 percent -- was sharply criticized Wednesday by real estate professionals who say it would retard home ownership opportunities.

The proposal to raise the tax based on the sales price of properties is part of a broader tax reform package to fund education statewide being considered by the House Finance Committee.

Wednesday's hearing in front of the committee at the Tredyffrin Township building was one of eight held statewide to discuss the Commonwealth Caucus' four-bill plan to change the way schools are funded.

The plan, which has been discussed for about a year, would eliminate school property taxes, the 6 percent state sales tax and the Act 511 school tax law and would replace revenues with increased transfer tax and a broad-based 4.5 percent Business Receipts Education Tax.

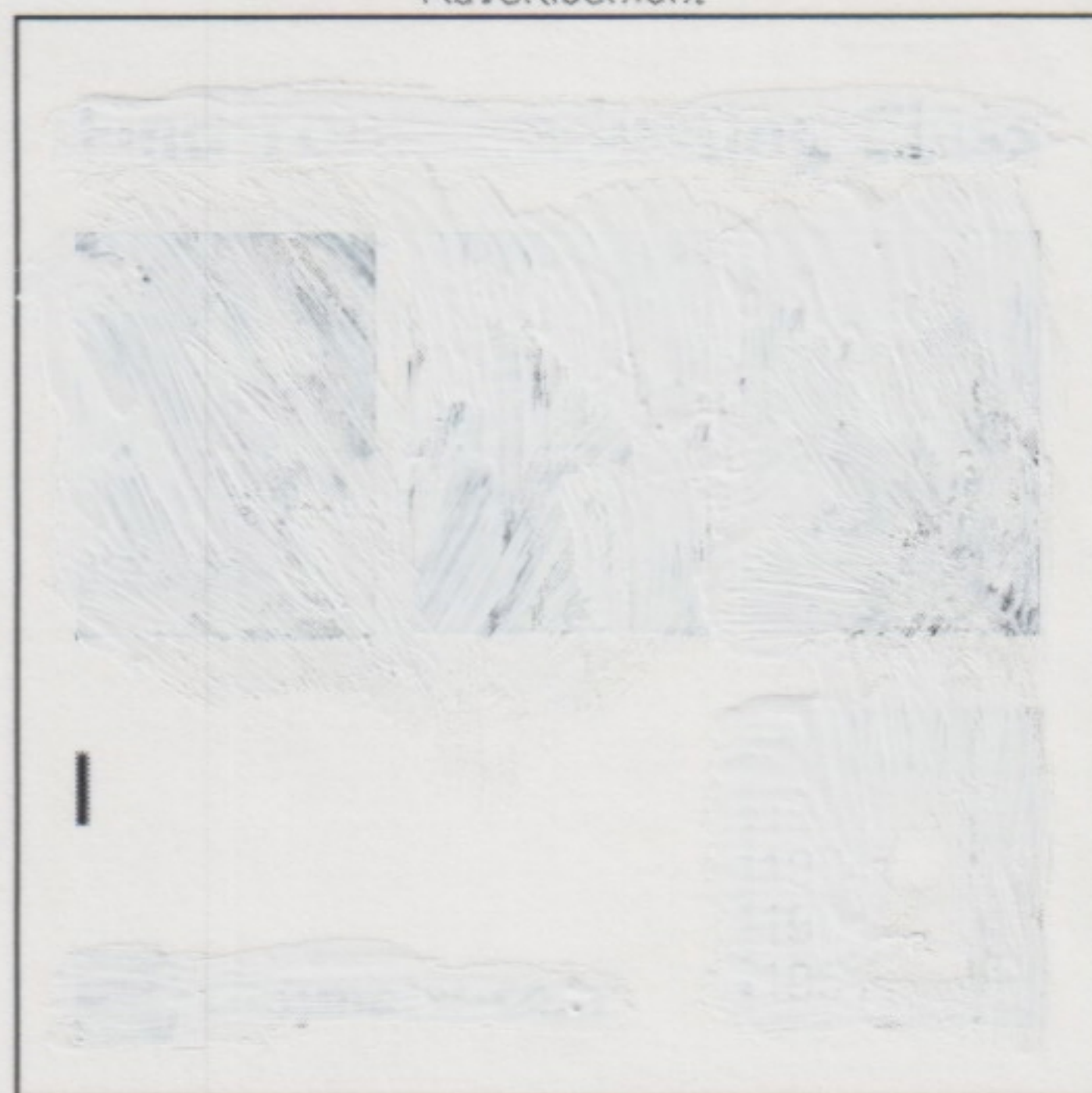
The business receipts tax would include companies that provide services -- doctors, dentists, lawyers, architects, engineers and other professionals -- as well as those producing goods.

Currently, most service providers don't have to pay the state sales tax on their services; and some goods, particularly food and clothing, aren't taxed under the present system.

State Rep. Carole Rubley, R-157th, of Tredyffrin, a finance committee member, called the proposals "very far-reaching" with "significant impact." Rubley said she was at the hearing to listen to concerns.

Everyone would like to eliminate property taxes but not at the risk of creating something worse, Rubley said.

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