

Good for real estate, good for you

On November 3, Texans have an opportunity to pass a constitutional amendment that will provide a huge benefit to homeowners and the real estate industry.

If passed, Proposition 1 will lower property taxes for all Texas homeowners. The measure also will permanently ban a sales tax on real estate transactions.

The ban on transfer tax

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Texas Association of REALTORS®



**Go to the polls
November 3, or
vote early
October 19-30**



Get talking points about Prop 1 that will help you explain the issues to your prospects and clients in the digital edition at texasrealestate.com/magazine.

Why worry about a tax we don't have?

Most states in the country add transfer taxes onto every real estate deal. Levied as a percentage of the sales amount or a flat fee, these taxes can add many thousands of dollars to a real estate transaction. For example, Pennsylvania and Washington pin a transfer tax as high as 2% of the sales price on every sale. Applied to the \$260,400 average sales price in Texas*, that would add a \$5,208 tax! That kind of added cost could severely decrease the number of Texans able to afford a home and decrease the purchasing power of all other buyers.

Amending the Texas Constitution to permanently ban sales taxes on real estate transactions would be a huge win for Texas homeowners.

* Based on July 2015 MLS housing activity data from the Real Estate Center at Texas A&M University

Don't let the ballot language confuse you

Texans are overwhelmingly in favor of the provisions in Proposition 1. However, the ballot language is confusing. And when voters don't understand a proposition, they often vote against it.

Here's the actual ballot language, along with explanations for each of the four components of the amendment.

The constitutional amendment increasing the amount of the residence homestead exemption from ad valorem taxation for public school purposes from \$15,000 to \$25,000,

providing for a reduction of the limitation on the total amount of ad valorem taxes that may be imposed for those purposes on the homestead of an elderly or disabled person to reflect the increased exemption amount,

authorizing the legislature to prohibit a political subdivision that has adopted an optional residence homestead exemption from ad valorem taxation from reducing the amount of or repealing the exemption,

and prohibiting the enactment of a law that imposes a transfer tax on a transaction that conveys fee simple title to real property.

Increases the state-mandated homestead exemption for public school taxes from \$15,000 to \$25,000

Provides the full benefit of the higher exemption to seniors and disabled Texans

Prevents local taxing authorities from "undoing" the property-tax relief delivered by the higher homestead exemption

Prohibits state and local governments from ever collecting a sales tax on real estate transactions

Prop 1 property-tax facts

“This is a unique marketing opportunity for us to reach out to our clients—they will really benefit from passing Prop 1. Use the resources at texansforprop1.com/realestate to let your friends, families, and clients know about the importance of Prop 1.”

—Al Jurado Jr., chairman of the TAR Political Affairs Committee

Will Proposition 1 cut public-education funding?

No. The increased exemption is absorbed by the state of Texas.

Will my property taxes go down if Prop 1 passes?

Every homeowner will pay lower property taxes if Prop 1 passes. Many homeowners will see tax bills lower than the previous year. However, if a homeowner's appraisal goes up and local governments like cities, counties, and others raise tax

rates, your overall tax bill could be higher than the previous year's. Even in those cases, your property taxes will not be as high as they would have been had Prop 1 failed.

When will tax relief kick in?

Immediately. Your 2015 tax bill will include the higher homestead exemption.

How much will Prop 1 save me?

Every Texas homeowner will save approximately \$125 per year.