



Pennsylvania
Association of
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Memorandum

Date: October 9, 2017

To: State Leadership Idea Exchange Council (SLIEC)

From: Michael J. McGee, CAE 
Chief Executive Officer

Subject: SLIEC submission

On behalf of the Pennsylvania Association of REALTORS, I am respectfully submitting our initiative, "Analysis of Closing Costs in Pennsylvania" and www.closingcostspa.com as a potential presentation during the SLIEC Opening session.

The project's genesis is rooted in our never-ending battle with the Pennsylvania General Assembly to keep the fees and taxes associated with the sale or transfer of real property under control. We spend considerable staff and member time and resources attempting to defeat proposals that look to add anywhere from \$5 to thousands of dollars in recording fees or transfer taxes to fund various initiatives deemed in the public interest.

Often, the argument we hear is that "it's just a few dollars" added to the transaction. Our response has been a consistent, "you and everyone else has been adding just a few dollars over the years, it adds up to real money". While we had the anecdotal information from members that fees were increasing, we did not have the raw data to show legislators the impact in real dollars.

In 2017, PAR retained the services of the Anderson Economic Group to research the closing costs enforced by the state and local governments in Pennsylvania, and determine how these costs changed between 2006 and 2016.

The report found that, on average, total recording fees had increased significantly across all counties, with an average growth rate of 79.3%, or \$62 since 2006. It should be noted that the rate of inflation for that same time-period was approximately 22%.

To make this information easily searchable and accessible, we created a website where users could search their locality and see the current fee and how much of an increase there has been over the past 10 years. Particularly, legislators and local officials can review closing costs in their municipalities and compare them to others. We believe this information will better prepare us as we continue to defend against these point of sale/recording fees.