



U.S. Department of Justice

Antitrust Division

*RFK Main Justice Building
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001*

November 12, 2009

VIA FIRST CLASS MAIL & ELECTRONIC MAIL

The Honorable Nia H. Gill
New Jersey Senate
Chair, Senate Commerce Committee
425 Bloomfield Avenue, 2nd Floor
Montclair, NJ 07042

Re: Senate Bill 139 (Concerning certain real estate promotions and amending R.S. 45:15-17)

Dear Senator Gill:

We write to provide the views and experience of the Antitrust Division of the U.S. Department of Justice regarding Senate Bill 139. The Department, in its role as an advocate for consumers and competition throughout the economy, has supported this bill since it was introduced, and we have testified before the Real Estate Commission and the Assembly on behalf of the bill.

It is our understanding that the bill may be posted for a Commerce Committee vote in the near future. Passage of this bill—which will allow real estate brokers to rebate part of their commission to clients—will benefit consumers by lowering prices for real estate services and increasing choice. Lowering these costs would make it easier to buy a home. We therefore encourage you to schedule Senate Bill 139 for a vote as soon as possible.

As you know, Senate Bill 139 will repeal New Jersey's current ban on real estate brokers rebating a portion of their commission back to home buyers or sellers. Prohibitions on paying rebates such as the one now in place in New Jersey impede real estate brokers from competing on price, which in turn, causes New Jersey citizens to pay more in real estate broker commissions. Given how commissions are routinely paid among brokers, one of the most practical ways for brokers representing buyers to grow their business is to agree to pay their clients a rebate from the commission they receive. In other states, brokers take advantage of the opportunity to grow their business by lowering their price through rebates.

Passing Senate Bill 139 will allow brokers to compete more effectively on the prices they charge to sell or buy a home. This will increase the consumer choice and significantly benefit consumers on one of the most important financial transactions they will make. The price

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competition that Senate Bill 139 will allow is permitted in most states (including all those that neighbor New Jersey) and brokers in such states freely advertise rebates that often save consumers thousands of dollars per transaction.

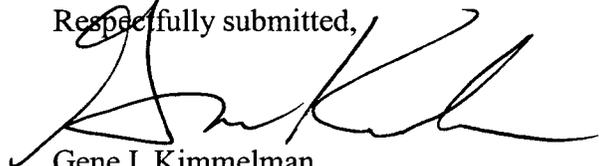
We encourage you to support Senate Bill 139 by posting it for a vote. If you have any questions or require further information, please do not hesitate to contact Ben Matelson at (202) 616-5871 or Matthew Bester at (202) 353-3491. Last, we also would be pleased to have a representative meet with you or your staff at your convenience to share our experience.

Respectfully Submitted,



John R. Read
Chief, Litigation III Section

Respectfully submitted,



Gene I. Kimmelman
Chief Counsel for Competition
Policy and Intergovernmental
Relations

cc: Members of the Senate Commerce Committee