

LEGISLATIVE REPORT



Sandy Schede

Legislative/Political Affairs Chair

Eli Wirtes

Legislative/Political Affairs Vice Chair

Tim Calnen

Vice President of Government Affairs

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CAR WRAP-UP OF 2008 REGULAR AND SPECIAL SESSIONS

REALTORS® in Connecticut will *not* have to get a second license to sell timeshare units. They *will* be subject to a new rule affecting their relationship to appraisers. See below for more on these bills, but first let's review taxes.

Connecticut normally adopts a two-year budget in odd-numbered years (2007), then "adjusts" it in even-numbered years (2008). In a bizarre turn of events, however, Democratic legislative leaders agreed with Republican Governor M. Jodi Rell five days before adjournment to block the budget adjustments approved by the Appropriations Committee. Those included slight spending increases for nursing homes, more aid to cities and towns, and a bailout of the financially troubled UCONN Health School.

It was the first time on record lawmakers decided not to "tweak" the second year of the budget. A surplus in January of \$263 million tumbled into a deficit of \$80 million in April, so the expedient solution appeared to be sticking with what had been approved in 2007. Bills with added costs could expect a veto by the Governor.

Ironically, the so-called "Do Nothing" budget that came about meant the roll-back of the higher real estate conveyance tax SHOULD HAVE occurred too. It didn't. That's because President Pro Tem Don Williams (D, Brooklyn) and Speaker Jim Amann (D, Milford) with the tacit cooperation of Governor Rell pushed for a "Special Session" expressly to re-impose the higher tax on property sellers. Later, several other items were added to the "call of the session", including suspension of the gas tax increase.

SPECIAL SESSION NEEDED TO PASS HIGHER HOME TAX!

REALTORS® had been successful throughout the regular session (February 6 – May 7) in opposing HB 5885, a bill to overturn the June 30, 2008 scheduled expiration date of the "add-on" town conveyance tax and make it permanent. It was only after the "Williams-Amann-Rell" agreement was worked out to reconvene in Special Session that the higher rates were re-imposed... for 2 more years. View the voting records of State legislators on CAR's web site, www.ctrealtor.com.

SB 615: OFF-SITE DISCLOSURE OF ENVIRONMENTAL MATTERS AND DEPARTMENT OF DEFENSE SITES

Provides added liability protection to sellers of residential property concerning disclosure of environmental conditions if special written notice is given to purchasers before, or upon executing, a sales contract. Similar to a statement already on the books for "hazardous waste facilities", the new notice affects a wider array of "off-site" conditions, including environmental data obtainable from the Department of Defense, third-party vendors, and others. An earlier version of the bill was opposed by CAR. It mandated that the seller determine (or pay someone to determine) if the property for sale was within 300 feet of seven types of various vapor intrusion sites and included a buyer rescission provision in the contract. It did not pass. The negotiated version of SB 615 described above was approved by the Governor as Public Act 08-186, effective 10/1/08.

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HB 5577: RESPONSIBLE LENDING AND ECONOMIC SECURITY

"We've done in 10 weeks what Congress has been debating for a year and a half." So was quoted Senator Bob Duff (a REALTOR® and Democrat from Norwalk) in a Hartford Courant story reporting the passage of HB 5577 in the House. Senate approval came quickly afterward on an overwhelming bipartisan vote. The legislation builds on many recommendations of the Governor's 2007 Subprime Mortgage Task Force (upon which REALTOR® Norm Krayem served) and adds other provisions.

It establishes a new "HERO" program to aid qualified homeowners in danger of foreclosure. It authorizes CHFA to purchase their loans directly from lenders and place the borrower on an affordable payment plan. The bill also funds the separate Emergency Mortgage Assistance Program and continues the CT Families refinancing program. The legislation prohibits real estate brokers, salespersons and mortgage brokers from influencing real estate appraisals. Approved as Public Act 08-176; effective 7/1/08.

HB 5535: UNIFORM REAL PROPERTY RECORDING ACT

Almost ten years ago, laws like E-Sign and UETA were passed authorizing electronic communications to carry on real estate transactions. They were made enforceable under the statute of frauds, just like paper documents. These laws did not address the process of recording real estate documents on public records, however. Now, with the passage of HB 5535, Connecticut joins the ranks of those States moving towards harmonizing their electronic standards relating to originality and authenticity used by recording offices. For Connecticut town clerks who place themselves under the new law's jurisdiction, they will be able to index and archive electronic documents, provide electronic access and retrieval, and accept fees or taxes electronically, among other powers. The State Librarian will adopt implementing regulations aided by an Advisory Committee, to include among its members a licensed real estate broker. Approved as Public Act 08-56; effective 10/1/09.

'07 HOME CONNECTICUT LEGISLATION BEING USED IN 3 COMMUNITIES, BUT NO ADDED DOLLARS

More meaningful funding for this work force housing program than the \$4 million approved in the 2007 Special Session (Public Act 07-4) was sought by advocates, including CAR, but was not to be. On the other hand, three municipalities have been approved for planning and technical assistance grants. They are Ledyard, Plainville, and New Britain. Grants of up to \$50,000 are for the first phase of the program - - identifying and planning Incentive Housing Zones. Once a zone is approved, additional State money is available based on the number of units allowed.

SB 466: ESTABLISHING THE "LEARN HERE, LIVE HERE PROGRAM"

For the second year in a row, CAR supported this proposal as a way of addressing the ongoing problem of young people leaving Connecticut after graduation. The bill would waive State income tax liability for those who placed amounts due in a First-Time Homebuyers Fund and used it toward the purchase of a primary residence in the State. Failed in the Finance Committee.

HB 5873: CONCERNING THE "FACE OF CT STEERING COMMITTEE" AND VARIOUS GRANT MONEYS FOR PRESERVATION AND DEVELOPMENT

Deals with a multiplicity of land use matters, including brownsfields remediation, mixed-use development, farmland preservation, historic preservation, and open space protection. Funding made available through DEP or DECD, depending on the program. Approved as PA 08-174; effective 6/13/08.

HB 5324: CONCERNING BOUNDARIES OF REGIONAL PLANNING ORGANIZATIONS AND REGIONAL PERFORMANCE INCENTIVE GRANTS

Authorizes the State's Secretary of the Office of Policy and Management to periodically do "an analysis of the boundaries of logical planning regions." The analysis would include criteria to evaluate the impact of urban centers on

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neighboring towns, housing and commuting patterns, and to set a minimum size for the planning region. Not later than January 1, 2012, the OPM Secretary would notify municipalities located in planning regions proposed for "re-designation." Provisions are made for objections by the legislative body of the town or city. The OPM Secretary may revise the boundaries in response, or not. The bill also clarifies and expands on the new program of "regional performance incentive grants" enacted last year to encourage joint service delivery by several towns to reduce costs (e.g., \$1 million was awarded to the Capitol Region Council of Governments to erect a police training facility in Rocky Hill to serve 25 area towns). Approved as PA 08-182; effective 10/1/08.

HB 5600: CT GLOBAL WARMING SOLUTIONS

Mandates a reduction in this State's greenhouse gas emissions (mainly from the burning of fossil fuels) of 10% below 1990 levels by the year 2020. It mandates that by the year 2050, emissions be reduced to at least 80% below 2001 levels. The original bill required that the State Building Code contain the "most stringent model energy standards available," authorized the adoption of "a low-carbon fuel standard" for home heating oil and motor vehicle fuel (sold only in Connecticut), and significantly restricted the siting of much-needed new energy generation. Opposed by CAR but approved as Public Act 08-98; effective 10/1/08.

HB 5536: ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP

This bill would have permitted access to the State employee insurance pool for non-state public employees, municipal-related employees, employees of small employers and employees of nonprofit employers. "Small employer" is defined as any person, firm, corporation, limited liability company, partnership or association actively engaged in business or **self-employed** for at least three consecutive months who, on at least fifty percent of its working days during the preceding twelve months, employed no more than fifty eligible employees, the majority of whom were employed within this State. Supported by CAR as an alternative for REALTORS® who are now shut out of the group rating structure because of their self-employed, independent contractor status. Approved by the Legislature but vetoed by the Governor.

SEPARATE "CHARTER OAK HEALTH PLAN" TAKING APPLICANTS NOW

Legislation enacted in 2007 authorized an \$11 million state-subsidized health program for those who are not insured through an employer and who don't qualify for other State programs. Enrollments for this "Charter Oak Health Plan" began on July 1. It provides access for adults of all incomes and covers those with pre-existing conditions. Individual premiums range from \$75 to \$259 per month, depending on income. The legislation was an initiative of Governor Rell. More information available at www.charteroakhealthplan.com or by calling 1-877-772-8625.

UNIFORM PROPERTY CODE ... WORK IN PROGRESS

Assistant State's Attorney Judith Dicine is working with a Task Force Concerning Adoption of a Uniform Property Maintenance Code (PMC). A huge issue is retroactive application of modern code to existing structures that legally complied with an earlier code. For example, should owners be compelled to retrofit plumbing to single-lever faucets in order to accommodate anti-scalding devices? CAR has serious concerns in this matter. Dan Keune is participating in the Task Force to protect the REALTORS® interest.

NEW LEAD PAINT REGULATIONS ... IN PROGRESS

Regulations to carry-out legislation enacted in 2007 needs to be adopted by the Department of Public Health to spell-out specifics. Dan Keune is also serving as CAR's representative at Task Force meetings to define what techniques of lower-cost lead paint "remediation" will be permitted (as alternatives to "abatement"). There has also been some controversy over the extent to which property owners can repair/repaint their homes. The regulations will affect transfer-of-title, what type of "orientation" owners must have prior to working on their own homes, and when soil-contaminated lead can be covered with mulch instead of being hauled away.

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SB 571: REQUIRING ENGERGY AUDITS PRIOR TO HOME SALES

This bill could be interpreted to mean that expensive energy audits be paid for by home sellers prior to sale with the results made known to buyers on the property condition disclosure report. The audit would contain recommendations for energy efficiency improvements and could cost an estimated \$1200. Opposed by CAR; bill was defeated when it failed to pass either chamber.

SB 362: NEW RIVERFRONT LAND USE RESTRICTIONS

Drew an arbitrary “no growth” line that is 100 feet from a river’s high water mark, extending up-and-down both sides of the watercourse, no matter how far it runs. These “upland areas” would be placed under the town’s wetlands commissions regulations. CAR argued that there are plenty of law and programs already on the books to protect rivers. Stream channel encroachment rules, greenway programs and current Connecticut Inland Wetlands and Watercourses law is very protective of these natural resources. Opposed by the Homebuilders Assoc. of CT and CAR. Defeated on a 10-to-9 vote in Planning and Development Committee.

ENGAGING IN REAL ESTATE BUSINESS WITHOUT A LICENSE

Two bills demanded CAR’s attention in order to protect our members’ business interests. HB 5766 allowed unlicensed individuals to receive “gifts or promotions” from time share operators in exchange for referring customers to them. It was opposed by CAR, but the bill passed the House. Fortunately Senator David Cappiello (R, Danbury) offered amendments in the Senate which resulted in the bill being withdrawn. The other measure, SB 275, concerned the marketing and sale of out-of-state-property by developers who would be exempt from many of Connecticut’s consumer safeguards, including real estate licensing. CAR initially opposed the bill until a compromise was facilitated through the Department of Consumer Protection. The bill failed to be taken up by the end of the session.

SB 490: TIMESHARES AND INTERSTATE LAND SALES

The bill was proposed by the American Resort Development Association as a way to streamline the process by which timeshares and interstate land sales are registered in Connecticut. It provided for the method by which timeshares are established in Connecticut and protected consumers of both in-state and out-of-state timeshares by mandating that certain information and disclosures be provided.

SB 490 originally authorized the use of so-called “finders fees” to be paid to timeshare owners who referred purchasers to the developer. This provision was eliminated at CAR’s request. SB 490 also contained a second level of registration and a \$500 fee for Connecticut licensees wishing to sell 12 or more timeshares in Connecticut. This, too, was removed at CAR’s request. Though the final bill was acceptable to REALTORS®, even passing the Senate, it died on the House calendar on the last day of the session.

A SALUTE TO 15 TRUE REALTOR® CHAMPIONS

CAR extends special thanks and appreciation to the following 15 members who showed up at the Capitol in protest of the Special Session to re-instate a higher home sales tax. Their advocacy on behalf of their clients and customers won us additional friends in the process: Deb Chamberlain, Nicholle Dagata, Ken DeVecchio, Bob Fiorito, Gene Fercodini, Linda Fercodini, Dan Keune, Norm Krayem, Sharon Hallock, Joe Stafford, Linda St. Peter, Barbara Weinberg, Stan Weinberg, Eli Wirtes, and Laura Zarotney!

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