



MASSACHUSETTS ASSOCIATION OF REALTORS®

2018 2ND QUARTER GOVERNMENT AFFAIRS UPDATE

With just one more month left of the two-year formal legislative session, the legislature is starting to feel the heat with numerous proposals still pending. In addition to a \$44 billion budget, the legislature is still conferencing on bills regulating short-term rentals, protecting consumers when data breaches occur, enhancing civics education and media literacy in public schools, and overhauling health care laws. The Senate is also preparing for a change in leadership as Senator Karen Spilka is poised to take over as President of the Senate from Senator Chandler on July 23rd.

SHORT-TERM RENTALS:

The Conference Committee appointed by the House and Senate continues to meet to finalize the last remaining details of legislation that will tax and regulate short-term rentals of private homes. One of the key remaining provisions is one that would require those entities that list a short-term rental online to carry \$1 million in liability insurance for each property listed. MAR is working hard to make sure that this provision does not extend to Realtors®.

REALTOR® DAY ON BEACON HILL:

Over 450 Massachusetts Realtors® traveled to the State House on Thursday, June 7th to participate in the 33rd annual Margaret C. Carlson Realtor® Day on Beacon Hill. The annual lobbying day gave Realtors® the opportunity to discuss with their legislators the key issues that affect consumers, housing, and the economy. Governor Charlie Baker gave the keynote address to an overflowing and energetic crowd.

Congratulations to Corinne Fitzgerald for being awarded the Private Property Rights Award. The Private Property Rights Award honors a REALTOR® who exemplifies hard work and commitment to government affairs affecting REALTORS® and the real estate profession.

HOUSING PRODUCTION:

MAR continues to strongly support the Housing Choice Initiative legislation that the Joint Committee on Housing reported favorably out of committee. MAR and the other members of the Real Estate Coalition (Greater Boston Real Estate Board, Homebuilders and Remodelers Association of Massachusetts, and NAIOP Massachusetts) joined together with the Massachusetts Municipal Association to issue a statement in support of the Housing Choice legislation. You can read the statement [here](#).

ENERGY HEARING:

[Mandatory home energy scoring and auditing remains a hot topic this session](#) where a total of six bills remain pending action by the Legislature. On May 2nd the Joint Committee on Telecommunications, Utilities, and Energy held a public hearing to hear testimony on one of those bills, H.4371. MAR Government Affairs Committee Chairman Anthony Lamacchia, Past President Kimberly Allard, Past President Laurie Cadigan, Director Melvin Vieira, and Director of Government Affairs Michael McDonagh testified in opposition to the bill and took questions from the committee. The committee ultimately decided to take no action on the bill, which means it has little chance of advancing this session.



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In June the Senate debated and passed an omnibus energy bill, S.2302, which is a broad bill addressing various clean energy issues. During debate, an amendment was adopted to add a mandatory home energy scoring and auditing program. However, several hours later the Senate revisited the issue and [decided to remove the language before](#) passing the final bill. MAR will remain alert for any activity on these bills as other groups push the legislature to act on a bill this session.

TRANSFER TAXES:

Several communities and legislators continue to push for new real estate transfer taxes. MAR has a long history of opposing and defeating transfer tax proposal. The imposition of this type of new sales tax on homes could have serious implications for the Massachusetts economy and set the wrong precedent for the Commonwealth's tax policies. Transfer taxes would increase the bottom-line price of many homes by thousands of dollars and unfairly single out homebuyers and sellers. The latest bill filed, H.4662, would authorize the City of Somerville to create a new tax to fund affordable housing. MAR believes there are better ways to create affordable housing than to make existing housing more expensive.

THE GRAND BARGAIN:

Governor Baker recently signed a broad bill that will gradually increase the state minimum wage to \$15, eliminate Sunday time and a half, mandate paid medical and family leave, and make the sales tax holiday permanent. The bill, known as the "Grand Bargain," was the result of negotiations between worker advocates and employer groups. Part of the agreement was that both groups agreed to stop pursuing ballot initiatives this fall. MAR will seek clarification of the application of the paid medical and family leave requirements, which becomes effective in 2021, and how the bill will apply to real estate brokers and salespersons. Realtors® typically operate as independent contractors within their real estate firm and although the new law does include independent contractors, much of the language is unclear and ambiguous. Stay tuned for updates on MAR's work on this issue.

BUDGETS:

The House and Senate both passed \$44 billion annual budgets this spring yet the state is heading into the new fiscal year with temporary budgets in place as the House and Senate have not reached agreement on a final bill to present to Governor Baker. MAR supports an amendment added to the Senate budget that establishes a commission to study the financial and economic impacts of crumbling concrete foundations due to the presence of pyrrhotite in Massachusetts. Initially thought to only affect homes in Connecticut, Massachusetts homes in Hampden County and Hampshire County are now exhibiting foundation problems attributed to a certain mineral, namely pyrrhotite (an iron sulfide compound) in those concrete foundations. The Senate budget also allocates funding to create a reimbursement program for foundation testing.





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MAR opposes the increased Community Preservation Act surcharge on recording fees included in the Senate budget. While MAR supports the spirit, intent and the mission of the CPA, this proposal would further exacerbate the inequitable manner of funding the CPA with recording fee surcharges. In effect, purchasers of homes and other properties are paying to fund the CPA, which provides benefits to the entire community. Buyers in those communities who have not adopted the CPA will be paying more to provide municipal benefits to communities who have adopted the CPA. Funding for such a program should come from a statewide source such as any annual state budget surplus.

AMC BILL:

MAR joined with real estate appraisers, appraisal management companies, and mortgage banking professionals to support H.4566 *An Act to regulate appraisal management companies*.

This legislation will put Massachusetts in compliance with the 2010 Federal Dodd-Frank Wall Street Reform Act and make sure that real estate consumers and transactions are not negatively affected. Although not required by Dodd-Frank, by licensing appraisal management companies (AMCs) Massachusetts consumers will be able to continue to use AMCs in federally related transactions. Real estate transactions are already burdened by a lack of available appraisers and if the legislature fails to act the problem will only continue to worsen. According to the MBREA—The Association for Valuation Professionals, more than 80% of all residential appraisal orders are processed by AMCs. With such a high AMC utilization rate, non-compliance would curtail an incredible amount of lending activity in Massachusetts, which would have significant ramifications on the residential real estate market.

