



Illinois REALTORS®
Capitol Conference
"REALTOR® Lobby Day"

Legislative Issues

★ April 5, 2016



#IAR100YearsStrong



EXPANSION OF HOME RULE POWERS

(Discuss with both the HOUSE and SENATE)

- ✓ The Illinois Municipal League (IML), is advocating for two bills to propose an amendment to the Illinois Constitution (HJRCA 34 and 38) to expand home rule. **HJRCA 38 (Smiddy)**, which is the favored IML bill, would automatically grant local governments of 5,000 or more (now 25,000 or more) home rule status (the IML says this would add 173 new home rule units).
- ✓ **REALTORS® strongly OPPOSE an expansion of home rule powers!** Home rule status gives municipalities unchecked regulatory and taxation authority which, in many cases, has imposed excessive regulatory barriers, taxes, fees, and administrative burdens on real estate businesses and homeowners.
- ✓ We have consistently engaged voters in local home rule referenda, and the voters typically **DEFEAT** home rule referenda. ***In short, the voters don't want more home rule...and voters already have the power to opt-in (or out) of home rule if they so desire.***

NEW SMOKE DETECTOR MANDATE

(Discuss primarily in the SENATE)

- ✓ **OPPOSE SB 2837 (Silverstein)**, an initiative sought by a smoke detector manufacturer, which amends the Smoke Detector Act (enacted in 1987) to require home owners and landlords to replace any current battery-operated detectors with new detectors which have batteries that are not removable or replaceable, and which last for at least 10 years.
- ✓ ***This bill would require millions of Illinois property owners of pre-1988 housing to buy new smoke detectors when their current detectors are working perfectly fine. Why?***
- ✓ A proposed amendment to the bill does NOT address our concerns...and in some ways makes it worse. Under the amendment, homeowners would have to know when their detectors were manufactured, and be aware of rules adopted by the State Fire Marshal. And current law provides that a violation of the Act is a **CRIMINAL OFFENSE (Class B misdemeanor)**. ***If the intent is to upgrade smoke detectors in homes, why not impose this mandate on manufacturers, rather than subjecting homeowners to complex regulations or face criminal prosecution?***

STATE REVENUE AND TAXATION ISSUES

(Discuss with both the House and Senate)

As state leaders and public policy groups discuss the budget impasse, a variety of revenue proposals have been suggested, including NEW TAXES on certain services:

- ✓ We **OPPOSE** a tax on professional services that includes real estate brokerage
 - This would be yet another tax on real estate transactions, on top of transfer taxes and other “point of sale” fees; between these fees and property taxes, the industry and property owners are already paying more than their “fair share” of the tax burden;



STATE REVENUE AND TAXATION ISSUES (continued)

- REALTORS® are one of the few professions that work strictly on commissions, and many are still trying to recover from the meltdown of the economy in 2008; an additional tax burden is the last thing the industry needs!
- The “cascading” effect of this kind of tax is reminiscent of Gov. Blagojevich’s ill-fated “Gross Receipts Tax” which was resoundingly rejected back in 2007.

✓ We **OPPOSE** efforts to tax advertising and advertising services

- REALTORS® stand with a broad coalition to urge this bad idea be taken off the table. No other state in the country applies an advertising tax.
- We applaud the many co-sponsors of HR 889 (McSweeney-Bradley) expressing opposition to this new tax on business owners throughout the state.

GOVERNMENT LIEN ISSUES

(Discuss with both the House and Senate – SBs 3038, 3323 in the Senate, HB 6221 in the House)

✓ **OPPOSE SB 3038 (Jones)**, which amends two sections of the Municipal Code dealing with certain nuisance liens. **SB 3038** would grant all municipalities the authority to seek a judgment lien against **ALL real estate of the owner**, rather than just against the offending property.

Illinois law already gives municipalities various tools to deal with costs incurred related to removal of weeds/grass, trees/bushes, pests, garbage, debris and graffiti on a particular property; there’s no reason to give municipalities this extraordinary power and “shortcut” that no other lienholder possesses.

✓ **OPPOSE SB 3323 (Althoff) and HB 6221 (David Harris)**, similar measures to create a “Uniform State Tax Lien Registration Act.” The bills would allow the state to file notice of a tax lien in a separate state registry, rather than recording the lien in the county in which the property is located. We believe that this is a SIGNIFICANT change that could lead to great uncertainty in real estate transactions when searching for an encumbrance on the title of a property. **SB 3323 and HB 6221, as amended** place the registry in the Department of Revenue.

REAL ESTATE LICENSE ACT

(Discuss with both the House and Senate – SB 2893 in the Senate, HB 6245 in the House)

✓ **SUPPORT SB 2893 (Haine) and HB 6245 (Rita)**, which are initiatives of the Illinois REALTORS® to clean-up in the Real Estate License Act, particularly with regard to ambiguity as to whether, according to a strict interpretation of the law, a managing broker could not “earn” more than 6 hours of CE in one day, which flies in the face of taking the test for the 12-hour broker-management CE course. The Department supports this change.

✓ **OPPOSE HB 5973 (Evans)**, which removes the DFPR’s discretion to deny a real estate license solely because of a criminal conviction unrelated to real estate. Thus, a serious felon could get a license and show homes to people, have access to lock boxes, etc.



COMMERCIAL/INVESTMENT PROPERTY ISSUES

(Discuss with both the House and Senate)

- ✓ **OPPOSE Amendment #1 to SB 2367 (Stadelman)**, which proposes a new method of assessing the taxable value of a particular subset of commercial property...**a method that actually prohibits the use of comparables in the valuation of these properties!**
 - Specifically, this would apply to retail property where the building is 50,000 square feet or more, improved within the last 20 years, and the original owner of the property, or a tenant, is engaged in selling at retail and occupies more than 75% of the square footage of the property.
 - ***We've been down this road on establishing a state-dictated way of valuing property with a specific goal in mind, rather than just relying upon the fair and true market value of the property.*** One could argue that such artificial valuation processes are invalid and that such regulatory manipulation of the valuation process can have negative consequences.

- ✓ **OPPOSE HB 4528 (McAsey)**, which repeals the current provisions relating to radon in rental property in the Radon Awareness Act (which the Illinois REALTORS® helped craft as a compromise), and replaces those provisions with a new Act, the “Tenants Radon Protection Act.” This new Act would allow tenants to do their own testing and mitigation and break their lease. It applies to ALL rental dwelling units, even in high-rise buildings, where the risk of radon is very low (current law applies only to 1-2 story dwelling units).

- ✓ **OPPOSE HB 4670 (Thapedi)**, which amends the Contractor Prompt Payment Act to provide by law that construction contracts cannot withhold more than 5% “retainage” on payments to contractors and subcontractors. In short, we don't think that the state should be tilting the scales in private party contracts in favor of one party (in this case, the Mechanical and Specialty Contractors). This idea has been rejected several times by the legislature.

CONSOLIDATION OF LOCAL GOVERNMENTS

- ✓ **SUPPORT** legislation (numerous bills introduced) to empower local governments and citizens to implement efficiencies, and reduce the number of local governmental units where possible to ease the property tax and regulatory burdens on local residents. ***Illinois has more local units than any state in the country, and there is plenty of room to reduce duplicative units and increase efficiency.***

On the cover: A scene from the 1920 Annual Meeting of the Real Estate Association of Illinois in Rockford, one of the three founding boards of the state association (Rockford, Chicago and Danville). Early legislative priorities of the association were property taxes, enforcement of the Code of Ethics, and securing a license law which ultimately took effect in 1922. Learn more about the Illinois REALTORS® 100th Anniversary celebration and legacy at www.illinoisrealtor.org/anniversary.

