



# Capitol Conference

"REALTOR® Lobby Day"

★ April 25, 2017 ★

## Legislative Issues



#PowerofR



## **REAL ESTATE LICENSE ACT/ IDFPR**

*(Discuss with both the House and Senate)*

✓ **SUPPORT HB 3528 (Rita)**, an initiative of the Illinois REALTORS® and the Illinois Department of Financial and Professional Regulation (IDFPR). **Key provisions:**

- Absorbs the Real Estate Education Advisory Council into the Real Estate Administration and Disciplinary Board. The duties of the EAC will be accomplished as a subcommittee of the Board.
- Consolidates and streamlines the licensing of Real Estate Education pre-license, post-license, and CE instructors and schools.
- Updates the education requirements to ensure that courses focus on the most important issues for the licensee to know to best protect the consumer. The bill also modernizes course delivery options to ensure the best access and use of technology to reflect today's marketplace.
- Makes it crystal clear in the law that the leasing agent's broker can be disciplined for allowing the leasing agent to practice outside of the limited scope of the leasing agent provisions;
- Provides for the inclusion of teaching about the proper supervision of leasing agents as a topic in the managing broker pre-license education curriculum.

✓ **NEUTRAL** on **HB 3342 (Sims) and SB 1688 (Raoul)**, which amend state law to require the IDFPR to consider mitigating factors before denying or revoking any state license (including a real estate license) due to an applicant's conviction of a crime. The REALTORS® **OPPOSED** legislation last year which essentially removed the discretion of the Department in reviewing the suitability of persons to practice real estate if they had been convicted of a crime. The REALTORS® and IDFPR are comfortable with these bills, which still allow the Department's investigation division to review the suitability of an applicant before a license is issued. **We appreciate the efforts of the proponents and sponsors to address our concerns.**

## **REPEAL OF RENT CONTROL PROHIBITION**

*(Discuss primarily in the House)*

✓ **OPPOSE HB 2430 (Guzzardi)**, which seeks to REPEAL the Rent Control Preemption Act, an initiative of the REALTORS® back in 1997 to prohibit local governments from imposing rent control measures.

- HB 2430 did not advance out of committee, but we need to reinforce that rent control is a bad idea. The sponsor is seeking the bill in the hope that Chicago will enact a rent control ordinance.
- Rent control shrinks a property owner's income to maintain and upgrade the property. While maintenance and property tax costs continue to rise, the owner's revenue would be frozen. Rent control is generally viewed as bad housing policy by most housing policy analysts and economists.



## MANDATORY “SECTION 8” STATEWIDE REQUIREMENT

*(Discuss primarily in the Senate)*

✓ **OPPOSE SB 1331 (Bush)**, which adds “Source of Income” to the Real Estate Article of the Illinois Human Rights Act. In short, the bill would require any rental property owner to accept a Section 8 tenant and sign a HUD-dictated contract, or face a human rights violation.

- We have dealt with this issue several times. We appreciate the constructive conversations we’ve had with the sponsor and proponents, but the bottom line is that we don’t think that property owners should be **REQUIRED** to sign a 12-page contract with HUD that gives HUD much of the control over the rental property, and we don’t think owners should be subjected to a mandatory inspection of their property. HUD can also decide not to consider rent increase requests by owners, and can terminate the lease in circumstances that the typical landlord’s lease wouldn’t permit.

## COMMERCIAL/INVESTMENT PROPERTY ISSUES

*(Discuss with both the House and Senate)*

✓ **SUPPORT HB 2831 (Lang-Fortner-Andersson)** and **SB 1700 (McConnaughay)** which create the new Property Assessed Clean Energy (PACE) Act. These bills create a voluntary and innovative financing mechanism for commercial, industrial and multi-family building owners for clean energy projects. A city or county would be authorized to establish a PACE bond program and the owner would have a written agreement for the assessments on the property. The cost of the program and the improvements are recovered over time through payments on assessments on those participating buildings. Other key benefits: the rate available in a PACE program may be better than traditional financing; the clean energy improvements can be paid back over a longer period of time; and the loan stay with the property if sold.

✓ **OPPOSE SBs 1791-1793 (Stadelman)** and **SB 1460 (Holmes)** to impose limitations on property tax appeals or prohibit deed restrictions on certain commercial properties.

✓ **OPPOSE SB 1832 (Mulroe)**, which amends the Contractor Prompt Payment Act to impose restrictions in commercial construction contracts, such that a trust account must be established for any “retainage” amounts in excess of 5%. Both commercial developers and their lenders often require retainage in excess of 5%, and the REALTORS® and the lenders both agree that as currently drafted, this bill will essentially restrict retainage to 5%. We view this as the government intruding upon what should be a private contract between two or more sophisticated business parties to a transaction. **We appreciate the efforts of the sponsor and proponents to come to an agreement on this bill. However, to date, we have been unable to do so despite several meetings with all parties.**



## **LIEN AND RECORDING ISSUES**

*(Discuss with both the House and Senate)*

- ✓ **OPPOSE** **SB 1280 (Althoff)** and **HB 2450 (Zalewski)** which seek to create a State Tax Lien Registry. We believe that this proposal significantly changes the current system by creating a second location for the registering of liens on title. Rather than simplifying the system, this proposal makes it more complex. The current system is reliable and accessible.
- ✓ **NEUTRAL** on **HB 3036 (Walsh)**, which provides for counties to provide for a “predictable fee schedule” for the recording of standard real estate documents. We had some initial concerns with the bill, but we resolved those in an amendment to the bill. **We appreciate the efforts of the sponsor and proponents in addressing our concerns.**

## **OTHER ISSUES**

- ✓ **SUPPORT** legislation (numerous bills introduced) to empower local governments and citizens to implement **efficiencies**, encourage **consolidation**, and reduce the number of local governmental units where possible.
- ✓ **OPPOSE** legislative grant of **Home Rule** without constitutionally mandated referendum approval.
- ✓ **OPPOSE** efforts such as **SB 2032 (Oberweis)** to end publication of required public notices in newspapers and simply allow such postings on local government websites.
- ✓ **SUPPORT** an amendment that more narrowly provides for the expansion of countywide stormwater management commissions in the State on **HB 2756 (Fortner)** and **SB 1337 (Rezin)**. If the bills are amended, we will be **NEUTRAL**.
- ✓ **SUPPORT** **HB 3826 (Fortner)**, which amends the Municipal Code to exempt payment of the home rule transfer tax (if imposed) on the first sale of a newly constructed home if an impact fee had also been assessed and collected.
- ✓ Continue to **MONITOR** proposals to modify the existing **homestead exemptions**.
- ✓ **SUPPORT** changes to the existing **Property Tax Extension Limitation Law - (PTELL)** such as limiting the increases to 0% unless a higher rate is approved by the voters and including home rule units.

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**On the cover:** A scene from the 2016 Illinois REALTORS® Capitol Conference. Photo by Terry Farmer Photography.

