

In this week's edition of Hill Notes:

The Iowa Legislature is moving at a fast pace to try to wrap up business for this session and some leaders indicate they may adjourn as early as April 10th. This is considerably earlier than the officially scheduled adjournment date of May 1st. During the next two weeks there will be a flurry of activity on several bills as the Senate will try to push all of their budget bills out of the chamber this coming week.

All tax and appropriations bills are still viable as they are not subject to any funnel deadline. There have been several new tax proposals introduced over the last week and a half. It is imperative that we keep an eye on all tax and appropriations bills during these last few weeks. This is the time of session where bills or ideas that did not survive the funnel deadline may resurface in the form of amendments or tax bills.

The following are some of the issues the IAR continues to monitor:

COUNTY RECORDER FEES

Senate File 465/House File 506 – Senate File 465 passed out of the Senate Ways and Means Committee “without recommendation” this week. “Without recommendation” is a term that is used when there are concerns with the legislation as it is written and there may be questions about the impact of the legislation. Several Senators indicated they have concerns about the additional \$2 fee in this legislation and have requested more information on the budget for the County Land Record Information System (CLRIS).

This bill would provide an increase in the electronic transaction fee that County Recorder's can charge for filing documents with their office. The charge would be used primarily for the cost of removing social security numbers from the public website and getting the system back online. The charge is currently \$1 per document and the legislation would increase the fee to \$3 per document from July 1, 2009 until June 30, 2011. The legislation was amended to remove the additional fee of \$1 per document after July 1, 2011. The bill specifies the purposes for which electronic transaction fees may be used and provides that fees collected in excess of the amount needed shall be used by the county land record information system to reduce or eliminate service fees for electronic submission services.

PRIVATE CAUSE OF ACTION UPDATE

House File 712/Senate File 178: The bill is eligible for floor debate in both the Senate and the House.

The IAR supports amending House File 712/Senate File 178 - This legislation would allow individuals to hire their own attorneys and sue many types of businesses for consumer fraud. There are several groups of licensees that are currently exempt from this legislation as written; some of the groups who are protected are doctors, hospitals, lawyers, insurance companies, engineers, and many others. Real estate licensees are not currently exempt - the IAR has several legislators sponsoring an amendment to exempt real estate licensees in both chambers.

In this legislation, consumer fraud is very broad and poorly defined. A vague and ambiguous law invites abusive lawsuits and no one is safe – not even an honest, ethical business. The bill does not include the traditional requirements of proving wrongful conduct and leaves many businesses, including REALTORS®, at risk of being wrongfully sued.

Local Option Taxes

IAR Opposes Senate Study Bill 1308 – There was a subcommittee on SSB 1308 last Thursday and many groups joined the IAR in opposing the new taxes and fees proposed in this legislation. The bill allows local municipalities to increase local franchise fees and also creates new taxing authority at the local level for the following: income tax, hotel/motel tax, entertainment tax and cigarette tax.

The legislation allows for significant tax increases on lowans and only 75% of the new fees and taxes would be designated for property tax reduction. The IAR will continue to oppose this legislation as not all of the tax revenue generated will go toward dollar for dollar property tax relief.

Subcommittee members for SSB 1308 are Senator Bolkcom – Iowa City, Senator Roger Stewart – Clinton, and Senator Hamerlinck – Davenport.

Homestead Property Tax Credit

The IAR opposes cuts to the Homestead Property Tax Credit which will increase the tax burden of all Iowa homeowners.

Governor Culver recommended a \$50 million dollar cut to the Homestead Property Tax Credit in his budget proposal for FY 2010. The Homestead Credit was funded at \$99.3 million the last several years and under the Governor's proposal it would only be funded at \$49.3 million.

This legislation will reverse the intent of the Homestead Credit and significantly burden Iowa's homeowners who are already struggling to keep their homes in a tough economy.

The Homestead Credit was originally adopted to encourage home ownership through property tax relief. The current credit is equal to the actual tax levy on the first \$4,850 of actual value.

In order to receive the Homestead Property Tax Credit, a person must own and occupy the property as a homestead on July 1 of each year, declare residency in Iowa for income tax purposes and occupy the property for at least six months each year. Persons in the military or nursing homes who do not occupy the home are also eligible.

Property Assessment Appeals Board

IAR opposes House File 661 - This legislation would abolish the Property Assessment Appeal Board. The Statewide Property Assessment Appeals Board was created with overwhelming bi-partisan support during the 2005 legislative session, with an effective date of January 1, 2007.

- PAAB provides a consistent, fair and equitable assessment appeal processes and allows taxpayers the opportunity to present protests to a board of unbiased assessment experts.
- Without PAAB, in today's economy and with taxes increasing, most taxpayers would have no other remedy for relief of an assessment they believe is incorrect or unfair.
- Without PAAB, most taxpayers would not appeal their assessment because filing a case in the courts is expensive, time consuming, and nearly impossible to do successfully without hiring an attorney.
- PAAB provides a cost-effective alternative to the district court for a taxpayer unsatisfied with the decision of the local board of review. Currently, there are no fees for filing an appeal with PAAB.
- Taxpayers are using PAAB. PAAB received appeals on 975 parcels of real property from approximately 465 different taxpayers in 2007 and appeals on 705 parcels of property from approximately 140 taxpayers in 2008.

FLOOD INSURANCE

UPDATE: Senate File 367 as it was previously written would have required a person owning property in a 500 year flood plain to purchase flood insurance. This legislation has been amended significantly and now requires that any construction project beginning on or after July 1, 2013, must incorporate applicable storm water management standards. The legislation also specifies that all cities and counties shall adopt development standards to incorporate storm water management standards and limit development in a five hundred year flood plain unless the development is designed to mitigate future flood damage. By July 1, 2010, the department of natural resources, in cooperation with the department of agriculture and land stewardship, shall adopt storm water management standards designed to limit water runoff, reduce future flood damage, and improve water quality.

The Iowa Association of REALTORS has many concerns about how this legislation will be implemented and what it will mean for redevelopment or new development of communities within the 500 year floodplain. The IAR will continue to monitor this legislation.

Please go to the Legislative website at www.legis.state.ia.us to view any of the bills mentioned.