



CAPITOL NEWS & NOTES

2015 LEGISLATIVE SESSION

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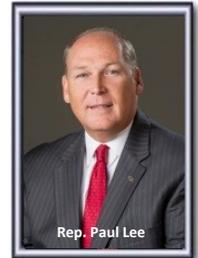
March 24, 2015



Sen. Jimmy Holley

REALTOR® BACKED EMINENT DOMAIN BILL PASSES SENATE 32-0

REALTOR® backed Eminent Domain Bill, SB 83, sponsored by Sen. Jimmy Holley (R-Elba), passed the Senate on Tuesday with a vote of 32-0. The bill was amended on the floor of the Senate with friendly language from the county and municipal entities to add clarifying language which would prevent unintended consequences from the legislation. SB 83 now goes to the House for consideration. Special thanks to Sen. Holley for his efforts moving this bill through the Senate in almost record time in the third week of the legislative session.



Rep. Paul Lee

In the House of Representatives on Thursday, Rep. Paul Lee (R-Dothan) presented the companion legislation, HB 121, before the House State Government Committee. Rep. Lee, former city commissioner of Dothan, spoke about the potential for abuse if the eminent domain laws were not tightened in Alabama. Rep. Lee received favorable comments and bipartisan approval from the committee with a unanimous favorable report. Thank you Representative Lee!



Rep. Mark Tuggle

Special thanks to Rep. Mark Tuggle (R-Alexander City), chair of the State Government Committee for scheduling a committee meeting on Thursday after adjournment and to all the representatives who stayed to consider and vote on this the legislation before returning to their districts to continue to work for their constituents! The following representatives voted for a favorable report for HB 121: Rep. Alan Boothe (R- Troy); Rep. Mark Tuggle (R-Alexander City); Rep. Dario Melton (D-Selma); Rep. John Rogers (D-Birmingham); Rep. Mac Butler (R- Rainbow City); Rep. Harry Shiver (R-Bay Minette); Rep. George Bandy (D-Opelika); Rep. Randy Wood (R-Anniston); Rep. Becky Nordgren (R-Gadsden); Rep. Ed Henry (R-Decatur); and Rep. Barbara Boyd (D-Anniston).

SB 83/HB 121 would preemptively ban an abusive eminent domain practice occurring in other parts of the country before it spreads to Alabama. The practice involves investment firms partnering with municipalities to seize underwater but performing mortgages in a refinancing scheme that has provoked responses from the Federal Housing Finance Agency and U.S. Department of Housing and Urban Development who expressed serious concerns that the use of eminent domain to seize mortgages, including those mortgages whose underlying collateral values are less than the principal of the loans, would create great uncertainty for lenders and investors in the mortgage markets, resulting in increased costs of credit to borrowers seeking to become homeowners. You can read more about the practice in other parts of the country here. <http://blogs.wsj.com/developments/2013/08/08/fannie-freddie-regulator-threatens-action-on-eminent-domain/?mod=WSJBlog>



Sen. Greg Reed

REALTOR® BACKED RIGHT OF REDEMPTION BILLS MOVE THROUGH SENATE AND HOUSE COMMITTEES

REALTOR® backed SB 124, sponsored by Sen. Greg Reed (R-Jasper) and 15 other co-sponsors came before the Senate Banking and Insurance Committee for consideration on Wednesday and received a unanimous favorable report. Senate Democratic Minority leader Quinton Ross (D-Montgomery) raised concern over the redemption period being reduced from one year to 90 days but expressed a willingness to work with Sen. Reed on a solution before it comes to the Senate floor for a vote. Special thanks to Sen. Reed and co-sponsors for their work on this important legislation and to the committee members who voted for a unanimous favorable report out of committee. The following senators voted for a favorable report on SB 124: Sen. Slade Blackwell (R-Birmingham); Sen. Greg Reed (R-Jasper); Sen. Quinton Ross (D-Montgomery); Sen. Bill Holtzclaw (R-Madison); Sen. Shay Shelnuttt (R-Trussville); Sen. Paul Bussman (R-Cullman); and Sen. Hank Sanders (D-Selma).



In the House of Representatives the companion legislation, HB 256, sponsored by Rep. Ken Johnson (R-Moulton) and over 40 co-sponsors, came before the House Financial Services Committee for consideration on Thursday and received a unanimous favorable report. Special thanks to Rep. Johnson for his tireless efforts to garner support for this legislation and for the work of the co-sponsors. Thank you to the following committee members who voted for a favorable report for HB 256: Rep. Ken Johnson (R-Moulton); Rep. David Faulkner (R-Birmingham); Rep. Thad McClammy (D-Montgomery); Rep. Mike Hill (R-Columbiana); Rep. Jimmy Martin (R-Clanton); Rep. Mac Butler (R-Rainbow City); Rep. Oliver Robinson (D-Birmingham); and Rep. Merika Coleman-Evans (D-Birmingham).

SB 124/HB 256 would reduce the redemption period from one year to 90 days for residential property that could have been homesteaded in the prior tax year. The legislation excludes commercial, development, agricultural or timberland. The Alabama Bankers Association supports this legislation.

MORTGAGE RECORDING TAX INCREASE BILL CARRIED OVER

HB 141, sponsored by Rep. Patricia Todd (D-Birmingham), is legislation which would double the mortgage recording fee on real property in Alabama. HB 141 was flagged by your Bill Read Committee early this session. The bill would raise the mortgage recording fee from 15 cents per \$100 of indebtedness to 30 cents per \$100 of indebtedness in order to provide revenue to the Alabama Housing Trust Fund. The added tax would bring in an estimated \$24 million a year for the fund and additional revenue would be distributed to counties, probate judges, and the state general fund. The mortgage tax increase is estimated to bring in an additional \$45 million overall.

The Alabama Housing Trust Fund was established in 2012 to find ways to help improve housing for low income families. An advisory board was contemplated to be comprised of members from the housing industry and low income advocacy groups. This advisory board has not yet been established, has not met, and has not set forth any rules or criteria for how money that comes into the fund would be appropriated. Rules and criteria establishing how monies would be allocated would be a crucial first step that is missing from this proposal as well as concern over the high estimates of administrative fees which would swallow nearly 25% of that revenue in administrative and back office costs and never make its way to fund the projects for low income families that HB 141 purports to help.

Disappointingly, members of the REALTORS®, bankers, and home builders were excluded from early proposals and discussions about HB 141 and it was not until the bill was filed in March that members from those groups were asked for input. However, the entire \$45 million in revenue that advocates for this bill are requesting would be balanced squarely on the backs of members of the REALTORS®, bankers, and home builders.

Last week, HB 141, was scheduled for a public hearing but was carried over. Representatives from the housing industry including the REALTORS®, bankers, and home builders met with interested parties from the Low Income Housing Coalition and low income advocacy groups to discuss HB 141. In its current form with numerous unanswered questions, the REALTOR® Government Affairs team will continue to work to **oppose** this legislation and meet with advocates for this bill to explore other funding mechanisms to improve housing for low income families.

PROPERTY TAX INCREASE BILL CARRIED OVER IN SENATE COMMITTEE

SB 227, sponsored by Sen. Bobby Singleton (D-Greensboro), which would raise ad valorem by 8.5 mills and bring in an estimated \$431.6 million to a public school fund was carried over in the Senate Finance and Taxation Committee this week. The REALTOR® Government Affairs team will continue to work to **oppose** this legislation.

BIRMINGHAM REALTORS® JOIN NAR AT INTERNATIONAL REAL ESTATE CONFERENCE

Leaders from the Birmingham Association of REALTORS® (BAR) joined members of the National Association of REALTORS® to attend MIPIM (Le marche international des professionnels de l'immobilier), the world's leading real estate investment trade show in Cannes, France in early March. BAR CEO Cliff Long, Chip Watts, and Brian Sparks attended the event and showcased what the city of Birmingham and surrounding area had to offer global real estate investors and industry leaders attending the event. Great job Birmingham REALTORS®! More information on this can be found here. http://blog.al.com/press-releases/2014/12/birmingham_realtors_invited_to.html

Please be on the lookout for calls to action this session. Respond and encourage your fellow REALTORS® to do the same. We all look forward to working for you to defend, protect and advance the real estate industry in Alabama.

REALTOR® DAY is April 22. Full details will be announced next week.

**The legislature is on spring break this week.
The next Capitol News & Notes will go out the week of April 6.**