



MASSACHUSETTS ASSOCIATION OF REALTORS®

2017-2018 MAR State Legislative Overview

The 2017-2018 Legislative Session drew to a close just after midnight on Wednesday, Aug. 1. The session started with several questions regarding Realtor® priorities and concerns on the table. Unfortunately, the session ended with a few of those issues still left outstanding. The House and Senate will continue to meet in informal sessions, but only noncontroversial items can advance until a new legislature is seated in January 2019. Read on for a recap of where many of our Realtor® issues ended up at the end of the session.

Housing Production:

Despite a strong push from an unlikely coalition that included the real estate industry, the Massachusetts Municipal Association, AARP, and numerous business groups, the Housing Choice legislation failed to pass the House and Senate before time ran out on July 31. Originally filed by Governor Charlie Baker and given a favorable report by the Joint Committee on Housing, the bill would have reduced the local voting requirement for zoning changes to support housing production from the current two-thirds supermajority down to a simple majority. There is some hope that the bill may be able to advance during the informal sessions. MAR will continue to work with Governor Baker and the legislature to support the bill.

Zoning Reform:

Once again, the House and Senate chose not to advance attempts to rewrite and reform the Massachusetts Zoning Act. The proposed bills would have made it much more difficult and expensive to build housing. While filled with small technical changes that would be bad for housing production, the bills also contained major policy proposals such as mandatory inclusionary zoning, impact fees, and the removal of Approval Not Required subdivisions. These zoning changes would inhibit growth and make any housing produced more expensive.

Home Energy Scoring:

Energy efficiency is always a popular topic on Beacon Hill. Realtors® successfully advocated against numerous different proposals that would require a home energy score before an owner could list a home for sale. Such a policy would disrupt the real estate marketplace by complicating and delaying home sales, negatively impacting those who do not have the resources to invest in energy efficiency, and would replace a successful program with a state mandate that would punish many homeowners in the Commonwealth. This session, legislators and Governor Baker filed five separate bills and two amendments that would have implemented a mandatory home energy scoring program. Realtors® advocacy efforts were successful in impeding the program each time.

Transfer Taxes:

This session we also saw four bills that sought to allow municipalities to implement transfer taxes on the sale of real estate. One of the bills went so far as to create a framework to allow cities and towns to opt in to the proposed new tax. Once again, Realtors® defeated these proposals that would single out homebuyers and sellers to pay taxes that would benefit the entire community. With the so-called Millionaires Tax no longer on the ballot, some elected officials will be looking for new ways to create new revenue in Massachusetts. Democratic candidate for governor, Bob Massie, has already identified a real estate transfer tax on developers and investors as one possible way to raise revenue.

Short-Term Rental Taxes and Regulations:

The House and Senate passed competing versions of bills that both sought to tax and regulate short-term rentals in Massachusetts. The legislature sent its final version to the governor with just two days left in the session. Governor Baker returned the bill with an amendment, which will be difficult for the House and

Senate to take up in informal sessions. The governor's amendment seeks to create an exemption for homeowners who rent their home for 14 days or less and to remove some personal identifying information from the state-wide registry.

Paid Family Leave:

Governor Baker 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. MAR will seek clarification regarding the paid medical and family leave requirements, which become 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.

Community Preservation Act Surcharge Increase:

MAR opposed the increased Community Preservation Act (CPA) surcharge on recording fees included in the Senate budget. While MAR supports the spirit, intent and the mission of the act, this proposal would have further exacerbated the inequitable manner of funding the CPA. 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.

Crumbling Foundations:

MAR supported an amendment added to the Senate budget to establish 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 pyrrhotite (an iron sulfide compound) in those concrete foundations. The amendment was ultimately included in the final fiscal year 2019 budget. The budget also allocates funding to create a reimbursement program for foundation testing.

Noncompete Agreements:

Massachusetts now has clarification on noncompete agreements. Included in the final economic development bill of the session is a provision that limits non-compete agreements to one year. The new law applies to employees and independent contractors and also allows for legal consultation before signing a non-compete.

Housing Bond Bill:

The five-year housing bond bill signed by Governor Baker authorizes \$1.8 billion for housing bond accounts. These accounts fund affordable housing, housing for people with disabilities, housing built in transit-oriented locations, and housing for people experiencing homelessness. In addition to funding housing bond accounts, this law extends and expands the authorization of the state low income housing tax credit, the Community Investment Tax Credit, and the state Historic Tax Credit. The bill also extends the Brownfields Tax Credit and the Housing Development Incentive Program. A special thank you to Chairman Kevin Honan and Senator Joseph Boncore for their hard work on this issue.

**Thank you to all of the Realtors® who provided input and expertise on the wide range of issues
MAR was involved in this session.**