

CONNECTICUT REALTORS® (CTR)

LEGISLATIVE ISSUES FACING REALTORS IN 2015

Improving the Broker Price Opinion (BPO) Bill to Permit Fees for Service

The Association will be drafting legislation that would permit Connecticut real estate licensees to perform Broker Price Opinions (BPO) for a fee, with a disclaimer that it is not an appraisal and not to be used when federal law requires an appraisal. Connecticut is one of only a handful of states that includes such onerous limitations. Presently Broker Price Opinions for a fee may be performed only in connection with efforts to secure a listing; and only performed “free” otherwise. CTR does not believe any industry should be restricted from compensation for providing a lawful business service.

A similar bill died in the Insurance and Real Estate Committee in 2014 after receiving a public hearing. Connecticut REALTORS® continues to meet with interested parties during the off session in hopes of drafting compromise language for the 2015 legislative session.

Changes to the Broker Pre-Licensing Curriculum and Experience Requirements.

There have been long-standing concerns that the requirements in Connecticut to obtain a real estate broker’s license are insufficient. CTR believes professionalism in the industry can be improved with changes to the broker’s education requirement to ensure topics covered are those most relevant to being a broker; and there be a point system to ensure some degree of experience prior to being able to be a broker. We do not believe that simply holding a license for a length of time is adequate.

Additional Title Insurance Fees

In the 2014 Legislative Session a bill would have required title insurers to issue closing protection letters (CPLs) for any loan insurance policy insuring a lender's interest on a one-to-four unit residential building, and allow them to issue CPLs for other types of residential or commercial property. The bill would have allowed title insurers to charge a fee for issuing a CPL. The Association actively opposed the proposal. The bill died in the Banks Committee, but CATIC, the Connecticut Association for Title Insurance Companies, has stated they may wish to bring it back in 2015.

Oppose any New or Increased Conveyance Taxes and/or other Closing Costs

Connecticut REALTORS® opposes any additional fees at closing that could be a burden to either party involved in the transaction. While nothing is presently proposed, we have needed to fight increases and expansions to conveyance taxes for many years. With the coming budget problem in 2015, the Association must remain vigilant in opposition to all legislation which could require any additional real estate taxes or other closing costs.

Efforts to Lower Property Taxes

It is expected there will be efforts to do comprehensive tax reform in Connecticut, which could be either good or very bad for Connecticut real estate. Property taxes are already very high. Connecticut REALTORS® opposes any tax which could be an impediment to home ownership. To that end, the Association will support legislation, if any is proposed, which could serve to reduce the property tax burden on the property owners of Connecticut.

Concerns with Skyrocketing Flood Insurance Costs and Restrictive Rebuilding Policies

Flood insurance costs and flood-related policies have become a serious deterrent to owning, buying, selling, rehabbing and/or rebuilding properties within the proximity of a wide range of water bodies in Connecticut. CTR appreciates that many legislators are actively looking at ways in which state government can make more affordable flood insurance policies available or reduce onerous restrictions to rebuilding. During 2014, there was a proposal which sought to convene a task force to identify ways to prevent harm to real and personal property in areas prone to flooding. The Association supported this bill and requested participation as a member of the task force. The bill died on the Senate calendar, but this or other flood-related proposals may return during 2015.

Regionalism Efforts to Reduce Tax Burdens

Many believe one of the only ways to address municipal costs, and potentially property tax costs are with regionalizing or consolidating services and efforts. Those regional efforts may be traditional or formal (political divisions, administrative divisions, county subdivisions or subnational units). Often those within a municipality considering regionalism of services (such as schools or emergency services) oppose such consolidation believing it reduces local access to certain services. The Association will need to see the specifics of any legislation before we endorse or oppose it.

Energy Efficiency and Radon Reporting Mandates

Connecticut REALTORS® historically opposes time of transfer mandates and reporting requirements that add can both increase costs for potential buyers while adding to the cost and time burden for buyers and sellers of real estate. With both energy and radon inspections, along with any other inspection issue, buyers have the ability to test and inspect any aspect of a property that may be important to their buying decision. In 2014, Connecticut REALTORS testified against unnecessary reporting of energy usage for both residential and commercial real estate; and testified against radon reporting to a central database. We anticipate both issues will return in 2015. CTR remains in discussions with related agencies to ensure understanding of our concerns about any proposals to create mandates.

September 3, 2014