

**TENNESSEE ASSOCIATION OF REALTORS®
PRIORITY ISSUES UPDATE
DECEMBER 2005**

ISSUE	OBJECTIVE	ACTIONS	STATUS
Real Estate Transfer Tax	Defeat legislation that would allow local governments to levy a real estate transfer or excise tax.	The Senate Tax Subcommittee unanimously rejected three transfer/excise tax bills. The House Local Government Subcommittee referred all real estate tax bills to the TN Advisory Commission on Intergovernmental Relations (TACIR).	TACIR conducted a public hearing on the tax proposals on September 13. TACIR is expected to issue its findings and recommendations to the General Assembly by January 15, 2006.
Real Estate Development Taxes and Impact Fees	Defeat legislation that would allow local governments to levy new taxes on development, including adequate facilities taxes and impact fees.	The House Local Government Subcommittee referred all real estate tax bills to the TN Advisory Commission on Intergovernmental Relations (TACIR).	TACIR conducted a public hearing on the tax proposals on September 13. TACIR is expected to issue its findings and recommendations to the General Assembly by January 15, 2006.
Minimum Service Standards	Enact legislation to protect consumers that requires certain duties of a licensee, when acting a facilitator or agent in a transaction, to that licensee's client or customer.	Legislation is ready for filing in 2006.	None.
Business Tax Fairness	Enact legislation that exempts services provided by real estate licensees and real estate brokerage firms from the Business Tax Act.	Legislation is ready for filing in 2006.	None.
TREC Complaint Reform	Enact legislation that establishes a time limit for the filing of complaints against real estate licensees and grants authority to the TREC to dismiss complaints not filed in a timely manner or that are without reasonable cause.	Legislation is ready for filing in 2006.	None.
Real Estate Commission and Real Estate Appraiser Commission	Enact legislation that extends the existence of TREC and TREAC until 2009.	The Administration filed SB 1384/HB 1469 and SB 1385/HB 1477.	Both bills have been referred to the Government Operations Committees of the House and Senate. TAR expects both bills to pass in 2006.

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Residential Closing Funds Distribution Act of 2005 ("Good Funds")		Legislation backed by the Tennessee Land Title Association (TLTA) passed the House and Senate and was signed into law by the governor (SB 1082/HB 786). TAR supported an amendment allowing checks from a licensee's escrow account to be considered "good funds" for the purpose of the Act.	Chapter 273 of the Public Acts of 2005 went into effect on September 1, 2005. TAR, in conjunction with the TLTA, developed a compliance guide for REALTORS® which is available on the TAR website. The Tennessee Bankers Association (TBA) has identified a problem with language in the Act that was added at the TBA's request. TAR, TLTA, and TBA staff are working on legislation to amend the Act in 2006.
Disclosure of Impact Fees and Adequate Facilities Taxes	Enact legislation that revises Chapter 171 of the Public Acts of 2005 by eliminating conflicting language and reducing compliance burdens on REALTORS®.	Discussions on legislative proposals are underway with the Home Builders Association of Tennessee.	Chapter 171 of the Public Acts of 2005 went into effect on July 1, 2005. The law requires disclosure of impact fees and adequate facilities taxes paid on residential property. The TAR Forms Committee adopted Form F83 to assist REALTORS® in helping builder/developer clients comply with the law. TAR staff posted a list of Frequently Asked Questions about the new law on the TAR website.
Predatory Lending	Enact legislation that extends the reporting deadline of the Predatory Lending Study Committee.	TAR-backed legislation passed the House and Senate and was signed into law by the governor (SB 1785/HB 1673).	Chapter 493 of the Public Acts of 2005 went into effect on June 22, 2005. The committee will continue to exist until May 2006.
Licensure of Home Inspectors	Enact legislation that requires home inspectors to be licensed in Tennessee, and that licensees be trained, tested, and insured.	TAR-backed legislation passed the House and Senate and was signed into law by the governor.	Chapter 65 of the Public Acts of 2005 goes into effect on July 1, 2006. The Division of Regulatory Boards is in the final stages of assembling an advisory committee to assist with the drafting of rules. Division staff estimates that a rulemaking hearing will be held in January, and that the Division could begin accepting applications for licensure in May.