



Legislative Status Report

This Issues Briefing Paper is informational and requires no action by the Board of Directors.

1031 Exchanges

- **House Bill 700** (Bloom, R-Cumberland) - under Federal tax law, a “like-kind” exchange pursuant to Internal Revenue Code Section 1031 allows for tax-deferral when property is exchanged for similar property. This long-standing Federal provision facilitates efficient investment in the job-creating assets businesses need to remain competitive, and every state but Pennsylvania provides for a similar deferral on the state level. Currently, Pennsylvania tax law contains no such provision. This legislation would allow for like-kind exchanges in Pennsylvania mirroring Internal Revenue Code Section 1031 provisions, thereby removing a disadvantage Pennsylvania small businesses face in competing with businesses in other states. House Bill 700 is currently in the House Finance Committee. PAR sponsored a Commercial Day on the Hill to educate members of the Finance Committee of the importance of this legislation. PAR supports this legislation.

Flood Insurance

- **House Bill 1299** (Santarsiero, D-Bucks) – would create the Flood Insurance Premium Assistance Task Force. The bill has been referred to the Pennsylvania House Insurance Committee and has bipartisan support. The task force would study the federal Biggert-Waters Flood Insurance Reform Act’s effect on premiums for flood insurance, the new FEMA flood maps that classify new flood zones and the federal discount program to identify areas and neighborhoods that need additional assistance to keep flood insurance premiums affordable. PAR supports this legislation.

Home Inspection

- **House Bill 1421** (Helm, R-Dauphin) – would license home inspectors in Pennsylvania. Currently, home inspectors are not held to any specific professional standard. This means that although the home inspection report is relied upon heavily, if a home inspector failed to report an issue to a homeowner, there is little or no recourse available. This legislation will set statewide standards for the profession of home inspecting and standards for the home inspection report. License applicants must: Have a high school diploma or equivalent; complete a bureau-approved training program of no less than 120 hours (including 40 in-field training hours); pass a bureau-approved examination; obtain liability insurance of \$500,000 per occurrence and deductible of not more than \$2,500; pay a fee and not be addicted to drugs or alcohol. Existing practitioners will be grandfathered. Biennial renewal requires 16 hours of continuing education. PAR will testify at a hearing of the House Professional Licensure Committee on Wednesday, Sept. 21, 2016. PAR supports this legislation.

Human Relations Act

- **House Bill 1510 and Senate Bill 974** ((Rep. Frankel, D-Allegheny & Sen. Browne, R-Lehigh) - currently, the Pennsylvania Human Relations Act prohibits discrimination in the areas of employment, *housing* and accommodations based on an individual’s race, color, religion, ancestry, national origin, sex, education status, handicap, or disability. This legislation will provide a basic level of protection for lesbian, gay, bisexual and transgender (LGBT) individuals. PAR has supported similar legislation in past sessions and continues to support them this session.

Landlord/Tenant

- **House Bill 447** (Saylor, R-York) – would amend the Landlord and Tenant Act to state that if the deceased tenant is the sole tenant of the residential unit, the executor of the estate of a tenant who dies during the term of a residential lease shall have the option to terminate the lease upon 14 days' written notice to the landlord on the later of the last day of the second calendar month that immediately follows the calendar month in which the tenant died; or upon surrender of the rental unit and removal of all of the tenant's personal property. This does not relieve the tenant's estate of liability for rent money or any other debt incurred prior to the date of termination of the lease, including damages to the premises and any expenses the landlord may incur as a direct result of the tenant's death. This bill passed the House and is currently in the Senate for consideration and has not seen any movement since December 2015. PAR is monitoring this bill.

Point of Sale Inspections

- **Senate Bill 289** (D-Fontana) would allow a municipal government or municipal authority to use funds to improve, extend or repair private lateral sewer lines connected to sewage disposal systems. Passage of SB 289 would give municipalities a needed tool to fix the aging infrastructure without addressing it at the point of sale. The PAR Legislative Committee voted to support Senate Bill 289 in August 2016. The bill has passed the Senate and is currently in the House Environmental Resources Committee.
- **House Bill 1437** (R-Goodman) and the Santora (R-Delaware) amendment passed the House on May 2, 2016. Nearly 4,500 Realtors® sent messages to every member of the state House. House Bill 1437 is now in the Senate Urban Affairs Committee for consideration. The Santora amendment more clearly defines “unfit for habitation” to provide better guidance to local code enforcement officials. Many Realtors® and their clients have had issues with municipalities labeling houses “unfit for habitation” and refusing to issue temporary use and occupancy certificates to homebuyers, until cracked sidewalks are repaired and old house numbers are replaced. These minor issues no doubt exist elsewhere in the neighborhoods, but some municipalities are claiming they make the home “unfit for human habitation.” The amendment would require that certificates be issued by municipalities who choose to conduct resale code inspections, regardless of the nature of code violation found. The amendment creates a new category of “Temporary Access” certificates that would allow a sale to move forward, but require that substantial code violations be corrected prior to the new owner inhabiting the property. It would also require that all other code violations be corrected within a certain time frame, with financial and other penalties left in place for failure to comply. PAR and the Suburban Realtors® Alliance worked directly with Representative Santora to introduce this legislation.

Open Records

- **House Bill 824** (Petri, R-Bucks) - amends Title 35 (Health and Safety) adding a new section relating to confidentiality of personal information for public safety officials. This legislation prescribes that no one shall publicly post, publicly display or provide to a third party the home address or telephone number of any public safety official or the official's spouse or child knowing that the person is a public safety official. The bill also prohibits a person, business or association from soliciting, selling, or trading on the internet the home address or telephone number of a public safety official with the intent to cause harm to the official or to any person residing at the official's home. PAR expressed concern with the legislation and its effect on MLS data. PAR worked with Representative Petri to amend the bill to assure that MLSs will not be harmed. The bill unanimously passed the House on Dec. 18, 2015.

Property Tax Reform

- **House Bill 504** (Gabler, R-Clearfield) – proposes to shift taxes and when fully implemented would raise state income and sales taxes to lower school property tax bills by \$4.2 billion in the first year of full implementation. The plan is estimated to provide between 37 and 70 percent reduction in residential school property tax bills. Commercial property owners would see some tax relief as well. The bill proposes to raise the state’s 3.07 percent personal income tax to 3.7 percent and the state’s 6 percent sales tax to 7 percent but doesn’t change the base of items subject to the tax. House Bill 504 is currently in the Senate Finance Committee.
- **Senate Bill 76** (Argall, R-Berks) - the Property Tax Independence Act authorizes school districts to levy, assess, and collect a tax on personal income or a tax on earned income and net profits as a means of abolishing property taxation by the school district. The bill also authorizes the imposition of a personal income tax or an earned income tax by a school district at a rate determined by the district via voter referendum. Senate Bill 76 broadens the Sales and Use Tax and increases its rate from six to seven percent and increases the Personal Income Tax from 3.07 percent to 4.34 percent. This bill is currently in the Senate Finance Committee. In fall 2015 the language of SB 76 was attempted to be amended to another bill. Nearly 25 percent of PAR members participated in a Call to Action urging senators to support the amendment. The amendment was defeated by one vote.
- **Senate Bill 877** (Argall, R-Berks) – would remove a taxing jurisdiction’s ability to appeal the assessment of a property based solely on the sale of the property. Taxing authorities may only appeal an assessment when the property has gone through a countywide reassessment, been divided into smaller parcels, or a change in the productive use of the property has occurred. In addition, it will provide a retroactive remedy so that the property owners whose property tax assessments have been increased because of an appeal by a political subdivision could have those assessments reduced to prior levels. PAR supports this legislation.

Urban Renewal

- **House Bill 616** (Gillespie, R-York) – would set up a process for local governments to develop micro-enterprises in downtown business communities. The bill is designed to fight blight, through the re-use of buildings in downtowns, and to move people from social programs to employment. This bill was passed over in the House Urban Affairs Committee. PAR opposes this bill.
- **House Bill 648** (Harhai, D-Westmoreland) – would establish a program to provide grants to municipalities to establish code enforcement programs and to hire code enforcement personnel to assist municipalities in reducing blight. PAR is working with Rep. Harhai to add language limiting the use of inspections at point of sale.
- **Senate Bill 482** (Brewster, D-Allegheny) – would provide a new funding mechanism to give counties a funding source to fight blight and deal with abandoned properties. This legislation would place a fee, not to exceed 10 percent, on the final sale price of a property sold at a judicial sale. The funds raised from this fee would be used solely for demolition and property rehabilitation purposes for that specific county where the fees are administered. PAR is monitoring this bill.

- **Senate Bill 486** (Argall, R-Berks) - would allow counties to apply a fee through the Recorder of Deeds office of up to \$15 for each deed and mortgage recorded to be used for a demolition program. This legislation would change the Record of Deeds Fee Law to add an additional fee on each deed and mortgage recorded to be used strictly for demolition within that county. PAR opposes this bill and was successful in defeating the bill in the House Urban Affairs Committee with over 3,800 Calls to Action sent in less than twenty-four hours.

Bills Passed Into Law

- **House Bill 341** (Gingrich, R-Lebanon) – would amend Title 68 (Real & Personal Property) to require property owners disclose the condition, if known, and the location of all storm water facilities, including a statement disclosing whether ongoing maintenance of the storm water facilities is the responsibility of the property owner or the responsibility of another person or entity. HB 341 was signed into law and is now Act 6 of 2015.
- **House Bill 792** (Killion, R-Delaware) – would use revenue from the Realty Transfer Tax (RTT) to provide funding for the Housing Trust Fund (HTF). There will not be an increase in the RTT, nor will it pull revenue out of the General Fund. If the amount of RTT increases over the amount budgeted for the Fiscal Year 2014-15, 40 percent of the increase will go to the HTF and 60 percent will go to the General Fund. The HTF will be capped at \$25 million per year. PAR does not have a position on this bill.

Legislative Committee

Bill McFalls (Chair); Mark Mohn (Vice Chair); Stephanie Biello, David Brant, Patricia Brooks, Joe Carofino, Barry Crumrine, Andy Donohue, Bill Festa, Jim Helsel, Greg Herb, Gretchen Karr, Lynn Knapko, Douglas Koffel, Lisa Long Myers, Jack Malloy, Matthew Marks, Guy Matteo, Sal Mazzocchi, Helen Miernicki, Reed Pirain, George Raad, Ellen Renish, Pete Sebock, Melissa Sieg, Janice Smarto, Sandra Stevens, Bud Tyson, Robert Wagner, Bob Wood; Staff Liaison: Elizabeth Hensil