

LOUISIANA REALTORS® 2011 LEGISLATIVE SESSION RECAP

The 2011 legislative regular session ended at 6:00 p.m. on Thursday, June 23rd. This session featured primarily fiscal issues with an emphasis on adjourning the session with a balanced state budget. There were also other non - fiscal matters that occurred during the session as each legislator had the ability to introduce five non- fiscally related bills into the session. The Louisiana REALTORS® were active on your behalf trying to pass legislation to improve your ability to represent clients and customers and to protect real estate investors. We would like to thank all REALTOR® members that attended the 2011 REALTOR® Day at the State Capitol and those that sent messages or contacted their legislators during the session. Below is a recap of the state budget activity, some general information on the upcoming state legislative elections and a listing of important real estate related legislation that was considered.

STATE BUDGET:

Financing of state government was the major issue of the session. As predicted, the Senate and the Jindal administration “found” enough money to make up for the cuts proposed by the House and came up with a balanced budget. The budget reduces overall state spending to \$26.3 billion, erasing a \$1.5 billion shortfall in anticipated state revenue in the coming fiscal year, which begins July 1.

The Senate injected found revenues that House Appropriations Chairman Rep. Jim Fannin, D-Jonesboro, said he and his staff were not aware of when assembling the budget. Included were \$25 million in FEMA dollars from Hurricanes Gustav and Ike, \$25 million in leftover Community Development Block Grant funds, \$33 million from the Office of Group Benefits, \$10 million in higher education money and \$29 million in unused funds from the Interim Emergency Board. Fannin said that only the administration had knowledge that those dollars were available.

The 2012 budget breakdown is:

- **\$11 billion in federal funds**
- **\$7.64 billion in state generated revenue**
- **\$2.84 billion in interagency transfers**
- **\$1.92 billion in fees and self-generated revenues**
- **\$2.85 billion in statutory dedications, like lottery and gaming revenues**

Chairman Fannin had some better news on the condition of state revenues during his presentation on the Senate-passed budget to the House floor. All predictions up until now have indicated that the state faces another \$1 billion deficit in the next fiscal year, which starts July 1, 2012. Fannin said that recent reports indicate that the economy is improving and revenues are “starting to come back.” He said the experts are predicting a \$500 million increase in available funding during 2012, which could bring the expected deficit down considerably when legislators start dealing with the next state budget in the spring of 2012. Gov. Bobby Jindal told reporters that it was a good legislative session, ending with a “great budget for the people of Louisiana.” He said the state is “in the middle of the greatest fiscal challenge probably the state’s faced in a generation” yet produced a balanced budget.

THE FACE OF THE LEGISLATURE:

There will be another dramatic change in the personality of the Louisiana Legislature after this fall’s elections in part because of term-limits and in part because of redistricting of legislative seats. In the 39-member Senate, six experienced legislators are term-limited. They are Senate President Joel Chaisson, D-Destrehan; Butch Gautreaux, D-Morgan City; Rob Marionneaux (may run for Iberville Parish sheriff), D-Livonia; Joe McPherson, D-Woodworth; Mike Michot, R-Lafayette; and Willie Mount (will run for Calcasieu Parish assessor), D-Lake Charles. In addition, Julie Quinn, R-Metairie, and Buddy Shaw, R-Shreveport, have decided not to run for re-election. And as a result of redistricting, incumbents Cynthia Willard-Lewis, D-New Orleans, and J.P. Morrell, D-New Orleans, will face each other. In the 105-member House, 11 members are term-limited. They are Damon Baldone (plans on running for the Senate), D-Houma; Jean Doerge, D-Minden; Rick Gallot (plans on running for the Senate), D-Ruston; Nita Hutter, R-Slidell; Michael Jackson (plans on running for the Senate), I-Baton Rouge; Kay Katz, R-Monroe; Tom McVea, R-Jackson; Jane Smith (will run for the Senate), R-Bossier City; Gary Smith, Jr. (will run for the Senate), D-Norco; Speaker of the House Jim Tucker (may run for secretary of state), R-Terrytown; and Ernest Wooton, R-Belle Chasse. Those not running for re-election in the House are Hollis Downs, R-Ruston; Noble Ellington, R-Winnsboro; Reed Henderson (will run for St. Bernard Parish assessor), D-Chalmette; Walker Hines (has announced a run for secretary of state), R-New Orleans; Rosalind Jones (may run for the Senate), D-Monroe; Juan Lafonta, D-New Orleans; Nickie Monica, R-LaPlace; Mert Smiley (will run for Ascension Parish assessor), R-Port Vincent; and Bodi White (will run for Senate), R-Denham Springs. And, as a result of redistricting, incumbents Nick Lorusso, R-New Orleans, and John LaBruzzo, R-Metairie will run in the same district. Additionally, Charmaine Stiaes, D-New Orleans, and Wesley Bishop, D-New Orleans, will face each other in a newly-apportioned House district.

LEGISLATIVE ACTIVITY:

HB 135 by Representative Rick Nowlin (Natchitoches) & Senator Eric LaFleur (Ville Platte)

<http://www.legis.state.la.us/billdata/streamdocument.asp?did=754884>

“Prohibition of any new Real Estate Transfer Taxes”

This REALTOR® supported constitutional amendment prohibits local and state governments from imposing any new real estate transfer taxes on the sale or transfer of immovable property. HB 135 passed the legislature unanimously and will now be placed on the November 19th ballot for Louisiana voters to weigh in on this issue. The LR intends to spend an enormous amount of time, energy and resources on a plan designed to educate Louisiana voters on the reasons and importance of voting yes on this amendment. We will be coordinating with all local boards to get our message out to the general public. Please visit and sign up at our Transfer Tax website: www.staytaxfree.com to receive updates and important information on our REALTOR® campaign.

HB 227 (Act # 84) by Representative Major Thibaut (New Roads)

<http://www.legis.state.la.us/billdata/streamdocument.asp?did=758104>

This new law will require condominium unit owner associations or management companies that represent these unit owner associations to carry a fidelity bond with a minimum of \$10,000 coverage and or the lesser of 1,000,000 or the amount of reserves balances of the unit owners' association plus one fourth of the aggregate annual assessment of the unit owners association. This bond will not only protect condominium unit owners, but will also fulfill a bank requirement that many lending institutions have put into place that require this bond to be in place before they will consider funding the loan.

HB 344 by Representative Nita Hutter (Chalmette)

<http://www.legis.state.la.us/billdata/streamdocument.asp?did=755494>

HB 344, if signed by Governor Jindal, will provide for a grace period of ten days for condominium unit owners to pay late assessments. HB 344 also requires the condominium association to provide the unit owners written or electronic notice detailing the amount of the assessment, the due date and that the assessment is due within ten days of the due date.

HB 602 (Act # 114) by Representative Frank Hoffmann (West Monroe)

<http://www.legis.state.la.us/billdata/streamdocument.asp?did=758171>

This new law allows the Louisiana State Appraisal Board to collect an initial application fee and a renewal fee from all appraisal management companies doing business in Louisiana. These fees will be used by the board to regulate and provide proper oversight over these appraisal management companies. The board is authorized to collect these fees for two years.

SB 225 Senator Willie Mount (Lake Charles)

<http://www.legis.state.la.us/billdata/streamdocument.asp?did=758792>

This legislation that is awaiting the Governor's signature and would help solve the problem of un-cancelled residential mortgages slowing down real estate transactions. SB 225 reforms the protocols for cancellation of residential mortgages. These new procedures apply only to mortgages recorded after 1/1/2012. The legislation shortens the time period for responding to a request for cancellation. It allows lenders & settlement agents the opportunity to cure prior requests to cancel within 15 days and establishes a statutory penalty of \$500 if any legal action has to be brought to compel cancellation. Existing law provides for a mortgagor to file an action for damages, attorneys' fees & costs, if existing process is not properly followed. When a mortgagor requests cancellation and no settlement agent is involved, the lender will send the proper forms for cancellation to the mortgagor. Lender is allowed to charge a fee not to exceed \$40 for these services, or \$100 if no settlement agent is involved. Stakeholders will continue to work together to address issues relating to residential mortgages recorded prior to 1/1/2012.

SB 269 by Senator Neil Riser (Columbia)

<http://www.legis.state.la.us/billdata/streamdocument.asp?did=759640>

SB 269 if signed into law by Governor Jindal, SB 269 will sunset the Louisiana Housing Finance Agency and replaces it with the Louisiana Housing Corporation. This legislation seeks to streamline all housing entities and agencies under one roof for better consumer access and delivery of services. SB 269 also defines the duties and powers of the newly created corporation and how board members are appointed and what their qualifications must include. SB 269 also defines low and moderate income based on HUDS current definitions. The legislation also plans for a transition period between the current LHFA and the new housing corporation to ensure for a smooth consolidation. The LR will be working with the Governor's office and others involved to make sure that this process works well and that the end result is a better equipped corporation that can meet the needs of housing consumers.

MISCELLANEOUS LEGISLATIVE ISSUES:

The LR were able to keep legislation from passing that would have exempted all real estate licensees from continuing education requirements who were seventy years and older and who had been actively engaged in the business for twenty or more years. Your association was also able to delay a push to bring the Federal RESPA law into Louisiana's state statutes. The LR supported a measure that passed to provide an increase in tax credits for those that rehabilitate certain residential structures and a bill that extends corporate and franchise tax credits for the rehabilitation of historic structures. HB 456 by Representative Helena Moreno (New Orleans) passed that will extend the Enterprise Zone Act to include transit-oriented multifamily developments. Several other bills passed that will help property titles move more efficiently and effectively through the process and require the disclosure on title documents as to who actually performed the title work. SB 24 by Senator Alario, (Westwego) passed legislation that provides for a uniform cancellation of mortgage and vendors lien inscriptions. There was one House Resolution by Representative Jean Doerge (Minden) of interest that passed, which was a result of the banking industry wanting to be able hire ex - officio non notaries. This resolution seeks to bring together the notary association and the banking association to exam this issue further and to also look at the notarial exam before any new law is considered or passed.

A SPECIAL THANKS TO ALL REALTOR® MEMBERS THAT PROVIDED THEIR TIME, ENERGY AND VOLUNTARY FINANCIAL LARPAC RESOURCES TO ENSURE THAT THE REAL ESTATE INDUSTRY REMAINS VIABLE AND THOSE LOUISIANA REAL ESTATE INVESTORS CAN ENJOY EASY ACCESS TO ENTER THE MARKETPLACE.