

REALTOR® **LEGISLATIVE REPORT**

2 0 2 3



2023

LEGISLATIVE WRAP-UP



THE WRA ADVOCACY TEAM WORKED CLOSELY WITH LEGISLATORS ON BOTH SIDES OF THE AISLE TO PASS FIVE WORKFORCE HOUSING BILLS, APPROVE FUNDING FOR TECHNOLOGY AND STAFF AT THE DSPS, AND MAINTAIN PROPERTY TAX LEVY LIMITS. ***YOUR VOICE MAKES A REAL DIFFERENCE!***

LEGISLATIVE HIGHLIGHTS

- By-right approval and development certainty
- Residential development infrastructure loan program
- Main street residential housing rehabilitation loan program
- Vacant commercial-to-housing conversion loan program
- Rehabilitation and repair of older housing stock
- Held the line on property taxes
- Eliminated personal property tax
- DSPS education efficiencies

LEARN MORE at wra.org/JPAC



RECENTLY PASSED LEGISLATION

WRA LEGISLATIVE VICTORIES IN 2023

1

By-right Approval and Development Certainty

2023 Wisconsin Act 16 provides certainty and predictability in the development-approval process by requiring local governments to approve housing developments if the developments comply with local regulations. Additionally, the law streamlines the rezoning process and limits the ability of existing residents to oppose the development of a new housing project after a project has been approved. Expediting the development-approval process and eliminating unnecessary delays reduces costs for developers, thus increasing housing affordability.

2

Residential Development Infrastructure Loan Program

One of the biggest hurdles for residential developers is obtaining the financing for the infrastructure of the proposed residential development, like the streets, water, sewer and sidewalks. 2023 Wisconsin Act 14 creates a loan program at the state level to fund this type of infrastructure for single-family or multifamily workforce housing or senior housing. The loans can fund up to 20% of total development costs of a project. To ensure local governments are actively reducing housing costs, eligible projects must be located in a community that is in full compliance with state housing requirements, such as updating the housing element of the community's comprehensive plan and completing a housing affordability analysis. This program was allocated \$275 million in the 2023-25 Wisconsin state budget.

3

Main Street Residential Housing Rehabilitation Loan Program

2023 Wisconsin Act 15 provides a loan program for the repair and rehabilitation of residential rental housing above existing main-level businesses for work related to windows, lead-based paint, electrical and plumbing. These no- to low-interest loans can be approved for up to \$20,000 or 25% of the total rehabilitation costs, whichever is less. Eligible rental units must be located on the second or third floor of a building that is at least 40 years old and has not had significant improvements in the last 20 years. This program was provided \$100 million in the 2023-25 Wisconsin state budget.



Wisconsin's housing crisis poses an existential threat to the state's ability to attract and retain workers, students, businesses and families. The bills in this package seek to address the state's housing crisis and make the dream of homeownership a reality for innumerable Wisconsinites."

REP. ROBERT BROOKS

REALTOR® and State Assembly, R-Saukville, District 60

4

Vacant Commercial-to-Housing Conversion Loan Program

To repurpose vacant commercial buildings, the state established a loan program to assist in the conversion of vacant commercial buildings for new residential workforce or senior housing. These no- to low-interest loans provide funding for up to \$1 million or 20% of total development costs, whichever is less. To be eligible, the converted commercial property must be used to build single-family or multifamily workforce or senior housing, and the zoning must allow for 16 or more dwellings. This program was allocated \$100 million in the 2023-25 Wisconsin state budget.

5

Rehabilitation and Repair of Older Housing Stock

2023 Wisconsin Act 17 creates an opportunity for homeowners to repair and rehabilitate older housing stock. Projects can include repairs to heating, electrical and internal plumbing systems as well as roofing, windows, exterior doors or flooring projects. Projects may also include the removal of asbestos, lead-based paint or other environmental contamination. The loans can be up to \$50,000 or 100% of the improvement project. For a homeowner to be eligible, the property must be at least 40 years old prior to the application and is the homeowner's primary, single-family residence. This program received \$50 million in the 2023-25 Wisconsin state budget.

6

Held the Line on Property Taxes

Since 2011, Wisconsinites have been protected from dramatic property tax increases at the local level due to legislation that created property tax levy limits. In that time, property owners have saved more than \$3.5 billion due to these limits. During the 2023-25 Wisconsin state budget process, some interests attempted to remove these strict limits and allow local governments to raise property taxes without voter approval. The WRA successfully worked with the legislature to ensure that the levy limits stayed in place and that property tax increases at the local level continue to be based on voter approval by referendum through the 2023-25 biennium.

LEARN MORE at wra.org/RPAC

7 Eliminated Personal Property Tax

Most property owners receive one property tax bill annually. However, many business owners receive two tax bills: one tax bill for their real property and a second for their personal property, including furniture, fixtures, tools and other business-related items. The annual process of calculating the amount of personal property taxes owed requires an understanding of which personal property items are taxable, and then establishing the value of those taxable items. This process can be time-consuming, frustrating and expensive. Wisconsin's personal property tax is riddled with exemptions, and the \$202 million it generated in the 2000s is a tiny fraction of the \$1.2 billion collected in 1971. This onerous and exclusive tax on small business owners was eliminated in the 2023-25 Wisconsin state budget.

8 DSPS Education Efficiencies

The WRA supported the pilot program for REALTORS® continuing education (CE) included in the 2023-25 Wisconsin state budget. The pilot program allows an education provider to certify that a real estate licensee completed CE through the provider. This private-sector solution allows a pre-qualified education provider to confirm the individual has completed the required CE at renewal. The pilot program reduces the allocation of Department of Safety and Professional Services (DSPS) resources by permitting qualified education providers to certify licensees who complete courses have satisfied the state CE requirements.

RPAC at Work, Helping Homeowners



We are at a unique time where we have a lot of one-time money, and these are all structured in a way to continue to develop affordable workforce housing in perpetuity, so if there was ever an opportunity to where we can figure out how to invest one-time money that will pay dividends, it really is these bills."

SEN. ROMAIN ROBERT QUINN

REALTOR® and State Senator, R-Cameron, District 25



WHAT'S NEXT?

WRA LEGISLATIVE PRIORITIES

1

Increasing Homeownership Rates by Removing Barriers

Offensive, discriminatory covenants based on race and other protected classes appear in deeds as well as subdivision restrictions and covenants throughout Wisconsin. While illegal, this language haunts the title records and title commitment reports that buyers review when looking to purchase these properties. The 1968 Fair Housing Act and Wisconsin's Open Housing Law prohibit these covenants but do not erase discriminatory restrictions from property deeds and title records. Seeing this language stuns and offends potential buyers, adding more tension to the homebuying process, which is already fraught with emotion. Upcoming legislation intends to empower the property owner to act when a discriminatory restriction is recorded on their land record.

2

Maintaining a Positive Sales Tax Climate for MLS Services

In November 2021, the Wisconsin Department of Revenue (DOR) expanded the scope of the "digital goods" guidance to include access to online databases. The DOR revised Publication 240 to clarify that "other news or information products" are not limited to products that disseminate news but also include any products that disseminate information, where information is a collection of facts or data and is not necessarily related to news. This revised guidance creates confusion because it is unclear whether Multiple Listing Service (MLS) services could be construed as additional digital goods subject to the retail sales tax. After consultation with the DOR, the WRA is pursuing legislation to statutorily clarify MLS services relating to the compensation and cooperation in the sales of properties by real estate brokers continue to be tax exempt.

3

Reducing Risk for Consumers and Licensees in the Transaction

Professionalism is, and will continue to be, a priority for the WRA. Therefore, the WRA is seeking several legislative changes to Wisconsin Statute Chapter 452, Real Estate Practice, that increase the fines and forfeitures when real estate licensees violate the law. Additionally, the WRA is pursuing risk reduction for real estate licensees and consumers in the real estate transaction in a variety of ways, including requiring wholesale buyers and sellers to make written disclosures relating to the purchase or sale of a property.



4 Encouraging Economic Development by Eliminating Title-related Hurdles

One of Wisconsin's biggest economic development opportunities is property that has been filled for more than 40 years along the Great Lakes and commercial rivers. Much of this land has been developed with houses, apartments and commercial buildings. However, because the land was once under water more than 40 years ago, legal disputes often arise as to who really owns the property. The lack of certainty relating to ownership creates a nightmare for redevelopment – lenders will not lend, title companies will not insure, and buyers are hesitant to move forward. The WRA will be working to introduce legislation aimed at resolving legal title disputes on property that has been filled for more than 40 years. This legislation will drive economic growth in some parts of Wisconsin where growth has been stalled or even stopped by title issues.

Historic REALTOR® Victories

1. Elimination of farmland conversion fees
2. Deductibility of health savings accounts
3. Reform of wetland regulation
4. Adoption of development moratoria framework
5. Protection against joint and several liability
6. Accountability for fraudulent misrepresentation by sellers
7. Defeat of the real estate transfer tax increase
8. Reform of landlord-tenant law
9. Protection of the right to place a pier
10. Funding for broadband expansion
11. Passage of the homeowners bill of rights
12. Elimination of rental weatherization requirements
13. Clarification of access easements
14. Preservation of property tax cuts
15. Implementation of two-year liability limitation for real estate licensees
16. Prohibition of time-of-sale requirements
17. Protection of licensees' ability to complete state-approved forms
18. Expansion of historic rehabilitation tax credits
19. Funding for private septic systems
20. Preservation of independent contractor status
21. Preservation of the right to rent your home
22. Clarification in the definition of emotional support animals
23. Clarification of the definition of "defect" and inspection reports
24. Prohibition of chasing sales
25. Prohibition of home equity theft



Wisconsin REALTORS® Association
4801 Forest Run Road, Suite 201
Madison, WI 53704

Making a Difference with **RPAC**



MIKE PIETREK
2023 RPAC CHAIR

It Has Never Been More Important to Support RPAC!

“2023 has been an amazing year for Wisconsin REALTOR® priorities. The WRA passed a once-in-a-generation bipartisan workforce housing package that will help increase workforce and senior housing inventory. This legislation helps both the state and your business. By investing in the REALTORS® Political Action Committee (RPAC), we get victories like these. RPAC supports candidates who support our issues. Invest in RPAC and invest in your business. **It’s a wise investment in your business.**”

Invest now: wra.org/RPAC



WISCONSIN REALTORS® ASSOCIATION

LEARN MORE at wra.org/RPAC