

PROGRAM



REALTOR[®] & GOVERNMENT DAY

MADISON CONCOURSE HOTEL | MADISON, WI
WEDNESDAY | APRIL 24, 2019

WRA.ORG/RGDAY

WISCONSIN **REALTORS[®]** ASSOCIATION



THANKS TO ALL WHO MADE THE TECH HELPLINE POSSIBLE FOR US. IT IS TRULY A BENEFIT TO ME AND OUR AGENTS. EACH TIME, THEY HAVE **RESOLVED MY CONCERN IN A MATTER OF MINUTES** AND I'M VERY THANKFUL.

BRIAN HANSON, NEXTHOME PARTNERS | WISCONSIN RAPIDS



I THINK IT'S ONE OF THE **BEST, UNDERUTILIZED WRA SERVICES OFFERED TO MEMBERS**. IT'S TRULY A LIFESAVER AND IT'S FREE.

TYSON M. HALL, MASTERS-HALL APPRAISAL | MIDDLETON

PLACEHOLDER

LORA BLADOW, RE/MAX EXCEL | WAUSAU

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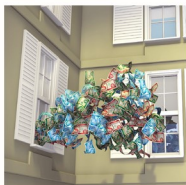
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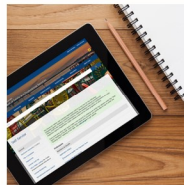
2019
PRIORITY ISSUES

Success hinges on what we advocate together.



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REALTOR & Government Day Agenda

April 24, 2019 | 12:30 p.m. – 5:30 p.m. Madison Concourse Hotel

Agenda

- 12:30 - 1:00 p.m. Registration
- 1:00 - 1:15 p.m. Welcome and overview
- 1:15 - 1:45 p.m. Address by Assembly Speaker Robin Vos and Assembly Minority Leader Gordon Hintz
- 1:45 - 2:45 p.m. Issue briefing
- 2:45 - 3:00 p.m. Move to the Capitol
- 3:00 - 4:30 p.m. Capitol visits
- 4:30 - 5:30 p.m. Reception (Madison Concourse)

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Federal Home Loan Bank of Chicago



PROPERTY TAX

1

Levy Limit and Property Tax Increase 2019-21 State Budget

Notes

REALTOR® message

The WRA opposes the proposed property tax increase in the 2019-21 state budget that would make housing less affordable and increase the costs of doing business in Wisconsin by allowing local governments and technical colleges to raise local levies by 2 percent or net new construction, whichever is higher.

Status

This proposal is pending action by the Joint Finance Committee.

Background

Property taxes affect the affordability of homes and the profitability of businesses. High property taxes create a barrier to homeownership and job growth in Wisconsin.

Since 2011, Wisconsin has successfully controlled property tax increases by placing strict levy limits on municipalities and counties. During this time, the property tax freeze has saved Wisconsin families and businesses \$3.5 billion. In fact, the owner of median-valued home paid \$88 less in property taxes in 2018 than in 2010, according to the Wisconsin Legislative Fiscal Bureau.

However, even after these measures, property taxes in Wisconsin remain too high. Consider the following:

- The property tax is Wisconsin's highest tax: In 2018, Wisconsin homeowners and businesses paid approximately \$11.02 billion in property taxes, compared to \$8.48 billion in income taxes and \$5.45 billion in sales taxes.

- Wisconsin property owners pay among the highest property taxes in the country: In 2018, Wisconsin's property tax rate was the fifth highest in the country according to thebalance.com.
- Wisconsin homeowners are having difficulty affording their homes: Among Midwestern states, Wisconsin has the second-highest percentage of homeowners across all income levels who are "extremely cost-burdened" — paying more than 50 percent of their income for housing. Only Illinois ranks higher.

Talking points

Wisconsin relies too heavily on property taxes to fund local governments, schools and technical colleges: According to a recent study by the Wisconsin Policy Forum, Wisconsin is over-reliant on property taxes to fund local governments, k-12 schools and technical colleges. Wisconsin ranks seventh nationally and first in the Midwest among states for being the most reliant on the property tax for their revenues. Other states fund these essential services through a more balanced mix of other taxes and fees.

Increasing property taxes will make it more difficult to attract workers to Wisconsin: With statewide housing inventory levels at historic lows, median home prices continuing to rise at \$175,000 statewide, and apartment rent increases outpacing wage growth, Wisconsin has a workforce housing shortage problem. The lack of affordable housing options has made it more difficult for employers to recruit workers to Wisconsin. Loosening levy limits to allow greater property tax increases will only make this problem worse.

Current levy limits allow taxpayers to raise their own property taxes: Under the current levy limits, local taxpayers may raise their own property taxes through local referenda when they think the money will be used wisely. In fact, the vast majority of local referenda pass. Consider the following:

- **School districts:** Since 1990, Wisconsin school districts have passed more than 1,600 referendum proposals totaling \$12 billion. In November 2018, voters approved 77 of the 82 school district referenda on the ballot, choosing to raise their property taxes by approximately \$1.4 billion, which is approximately a 94 percent approval rate. These local referenda asked voters to borrow money for capital projects, exceed their state-mandated revenue limits or

expand programming.

- **Local governments:** In 2018, approximately 15 communities across the state held referenda to exceed state-imposed property tax levy limits, and voters in 11 of those communities gave their approval, which was approximately a 73.3 approval rate. These local referenda asked voters to exceed the limits for public safety, roads, an aquatic center and county health care facilities.

Adequate funding for schools and local services is important, but placing a greater burden on property taxpayers is not the

answer: As REALTORS®, we know the importance of good schools and strong local communities to homeowners and a successful real estate market. However, property taxpayers in Wisconsin already pay more than their fair share. Rather than raising property taxes, Wisconsin must find a different way to fund our local governments and schools.

The WRA respectfully requests that you support this budget initiative.

Notes



2

First-time Homebuyer Savings Accounts (FHBSAs) 2019-21 State Budget

Notes

REALTOR® message

The WRA supports the proposed first-time homebuyer savings account (FHBSA) in the 2019-21 state budget, which would make it easier for first-time homebuyers to save enough money for a down payment to purchase a home.

Status

This proposal is pending action by the Joint Finance Committee.

Background

By making it easier for Wisconsin families to purchase a home, the FHBSA would help attract and retain workers, create jobs and stimulate the economy. For every new home built or existing home sold, several new jobs are created and thousands of dollars in state and local revenues are generated.

What is a FHBSA? The FHBSA is a program that allows first-time homebuyers to establish special savings accounts to help them save enough money to purchase a home. An account may be opened at any financial institution, and grows interest and capital gains tax-free.

Who is eligible? The program is available to all “first-time” homebuyers, which means someone who has (a) never owned a single-family residence either individually or jointly, or (b) previously owned a single-family residence but not during the past 36 months.

What are the benefits of opening an FHBSA? To make it easier to save enough money necessary for a down payment to purchase a home, the FHBSA program has the following benefits:

1. Interest and capital gains on savings grow tax-free: All interest and capital gains on savings deposited into the FHBSA grow tax-free, state tax only, until the money is withdrawn to purchase a home. In other words, the interest and any capital gains earned on the account are not taxable.
2. Deduction for contributions: Prospective homebuyers who deposit money into an FHBSA will be allowed to deduct up to \$5,000, or \$10,000 if filing a joint income tax return, per year up to a maximum of \$50,000 over the lifetime of the account. Anyone can contribute to the FHBSA, but only contributions made by the prospective homebuyer(s) are eligible for the deduction.
3. Withdrawals are not taxed: An FHBSA provides a unique savings opportunity for homebuyers because both the contribution and the gains and interest earned on the contribution can be withdrawn tax-free. This makes the FHBSA different than both a traditional IRA and a Roth IRA, which both allow withdrawals for first-time home purchases. Withdrawals from both traditional IRAs and Roth IRAs for a first-time home purchase are limited to \$10,000 in total. In addition, distributions from traditional IRAs are taxed as ordinary income, while withdrawals from Roth IRAs are taxed as income if they are withdrawn prior to being in the account for five years.

Talking points

The FHBSA will help address Wisconsin’s workforce housing shortage: The FHBSA will help Wisconsin employers retrain and attract workers by making it easier for the workers to find attractive and affordable housing options. With statewide housing inventory levels at historic lows, median home prices continuing to rise, significant student loan debt, and apartment rent increases outpacing wage growth, Wisconsin has a major workforce housing shortage problem.

The FHBSA will increase home sales and new construction, making Wisconsin’s economy stronger: By helping more people purchase homes, the FHBSA will help create jobs, increase state and local revenues, and improve the economy by creating a ripple effect on Wisconsin’s overall economy.

- Real estate is the second largest industry sector in Wisconsin, accounting for 15.8

percent of the gross state product, 380,000 jobs, and producing approximately \$18 billion in personal earnings in 2017.

- New residential construction alone employs 126,000 people and generates \$5.6 billion in earnings in Wisconsin.
- Every new single-family home built creates three jobs and generates \$89,000 in federal, state and local revenues.
- For every home sold in Wisconsin, one job is created for every two homes sold.
- With every home purchased, owners spend approximately \$5,171 on average on furniture, appliances, lawn care equipment or services.

The FHBSA will improve the quality of life for Wisconsin families: By helping make homeownership more affordable, the FHBSA will help Wisconsin families educate their children, improve their living environment, and stabilize and strengthen our communities.

The WRA respectfully requests that you support this budget initiative.

Notes



3

DSPS Website Upgrade 2019--21 State Budget

Notes

REALTOR® message

The WRA supports the 2019-21 state budget provision providing in \$5,000,000 expenditures to upgrade the information technology platforms of the Wisconsin Department of Safety and Professional Services (DSPS) as well as upgrading the credentialing systems and customer portals.

Status

This provision is pending action by the Joint Finance Committee.

Background

Over the last several years, the DSPS website has created confusion for consumers and the WRA due to inaccurate information. For instance, consumers frequently look to the DSPS website to determine different information relating to a real estate licensee, such as whether an individual is licensed, which real estate firm they are associated with, or whether any disciplinary actions against the firm or the licensee have occurred. Unfortunately, to their dismay, consumers often find inaccurate information on the DSPS website creating confusion.

Additionally, businesses, associations and other entities rely on the accuracy of DSPS information. The WRA, for example, uses DSPS information to: 1) ensure a person is licensed, 2) confirm the firm with whom the licensee is associated, 3) determine if the licensee changed companies, 4) verify if a person received a broker license, and 5) ascertain whether a person obtained a business entity license. The WRA's entire membership is based on the premise that someone holds a Wisconsin real estate license, and without this accurate information, we are limited in our customer service opportunities.

Talking points

- **Create an interactive interface between the license holder and the DSPS to:**
- Streamline and create process efficiencies, reducing DSPS staff time dedicated to maintain or input the information manually as well as avoid user error by limiting the manual input of information into the DSPS database.
- Permit licensees through a customer portal to provide the DSPS numerous required communications, such as:
 - Notice of termination of licensee association with firm (DSPS Form 766)
 - Notice of licensee association with firm (DSPS Form 812)
 - Consent to examine and audit trust account (DSPS Form 814)
 - Transfer of firm
 - Business representative change
 - Trade name notice
 - Closing trust account notification
 - Notice of independent practice
 - Application for pre-determination (DSPS Form 3085)
 - Convictions and pending charges (DSPS Form 2252)
 - Irrevocable consent for nonresidents (DSPS Form 813)
- Improve website inaccuracies and create internal efficiencies by upgrading the information technology platform.
 - Any inaccuracy discovered requires manual correction by the appropriate DSPS staff person.
 - Modernize the DSPS license look-up tool. The tool is outdated, difficult to navigate and often incorrect.

The WRA respectfully requests that you support this budget initiative.

Notes



4

Seller Audio/Video Surveillance at Showings

Rep. Jagler

Notes

REALTOR® message

The WRA supports clarifying in Wisconsin law that it is not a violation of privacy for a seller to have audio or video recording equipment in the property during an open house or individual showing.

Status

This bill is currently in drafting.

Background

The conversation relating to the right to privacy in real estate transactions has shifted due to the advent of affordable, wireless security systems and wireless cameras placed in sellers' homes and on their property.

The motivation as to why individuals have cameras in their homes and on their property is numerous. For instance, individuals may have surveillance equipment to protect their property, to deter individuals from coming on to their property, to have a watchful eye on their children who come home from school before an adult can be home, to monitor a caregiver who attends to a family member while the family is away at work, or maybe they are trying to see what neighbor refuses to pick up after their dog.

Due to the increase of surveillance equipment in properties, nationally there has been an upsurge in discussing the rights of sellers, prospective buyers and their agents during individual showings and open houses. Therefore, WRA is seeking legislation to clarify it not an invasion of privacy to have surveillance equipment in properties during open houses or individual showings.



wings

Talking points

Objectives of the recommended law changes:

- Clarify the seller’s use of audio or surveillance in an open house or individual showing is not an invasion of a prospective buyer’s or agent’s privacy.
- Apply the law narrowly only to open houses and individual showings.
- Avoid requiring a seller to post or disclose that he or she has surveillance equipment in the property. Requiring a seller to post about surveillance equipment would forfeit the seller’s safety rights
- Avoid requiring the agent to ask the seller about or to disclose the existence of any surveillance equipment in the property.
- Broadly define “property” and “owner” to include all types of properties, not just residential.
- Prohibit the use of surveillance equipment in bathrooms.

The WRA respectfully requests that you support this legislative priority.

Notes

LEGISLATOR OFFICE VISITS BY ASSOCIATION

| Local Association | Time | Legislator | Location |
|--------------------------|----------------|--|--|
| Central WI | 3:00 pm | Sen. Petrowski | 123 South |
| | 3:20 pm | Sen. Testin | 131 South |
| | 3:45 pm | Rep. Edming | 109 West |
| | 3:45 pm | Sen. Krug | 207 North |
| | 3:45 pm | Rep. Kulp | 15 North |
| | 3:45 pm | Rep. Shankland | 304 West |
| | 3:45 pm | Rep. Snyder | 307 North |
| | 4:10 pm | Rep. Spiros | 212 North |
| | 4:10 pm | Rep. VanderMeer | 11 West |
| | | | |
| Door County | | | |
| | | | |
| Greater Milwaukee | 3:00 – 4:30 pm | All Greater Milwaukee & Ozaukee Area Legislators | North Hearing Room |
| | | | |
| Jefferson | 3:00 – 4:30 pm | RASCW, Jefferson and Rock Green Legislators | |
| | | | |
| La Crosse | 3:00 – 4:00 pm | La Crosse Legislators | 300 Southeast |
| | | | |
| Lakes Area | 3:00 – 4:30 pm | Senator Nass Rep. August Rep. Loudenbeck Rep. Horlacher | 330 Southwest * For LARA members from Walworth County |
| | | Senator Wanggaard Senator Craig Assembly Speaker Vos Rep. Kerkman Rep. Wittke Rep. Wichgers | 411 South * For LARA members from Racine and Kenosha Counties |

| Local Association | Time | Legislator | Location |
|--|----------------|--|-----------------------------------|
| Manitowoc | | | |
| Marinette | | | |
| Northwoods | 3:00 – 4:30 pm | Northwoods Legislators | 316 South (Sen. Tiffany's office) |
| Ozaukee | 3:00 – 3:30 pm | All Greater Milwaukee & Ozaukee Area Legislators | North Hearing Room |
| REALTORS® Assn – Northeast WI | 3:00 – 4:30 pm | RANW Area Legislators | Assembly Parlor Room |
| REALTORS® Assn – Northwestern WI | 3:00 – 4:30 pm | RANWW & LSAR Area Legislators | 201 Southeast |
| REALTORS® Assn – South Central WI | 3:00 – 4:30 pm | RASCW, Jefferson and Rock Green Legislators | 400 Southeast |
| Rock Green | 3:00 – 4:30 pm | RASCW, Jefferson and Rock Green Legislators | 400 Southeast |
| Sheboygan | | | |
| Southshore | 3:00 – 4:30 pm | Senator Wanggaard Senator Wirch Assembly Speaker Vos Rep. Kerkman Rep. Ohnstad Rep. Wittke Rep. Neubauer | 411 South |
| Lake Superior | 3:00 – 4:30 pm | RANWW & LSAR Area Legislators | 201 Southeast |
| Western WI | 3:00 – 3:15 pm | Rep. Zimmerman | 18 North |
| | 3:15 – 3:30 pm | Rep. Stafsholt | 17 North |
| | 3:30 – 3:45 pm | Rep. Petryk | 103 West |
| | 3:45 – 4:00 pm | Sen. Schachtner | 3 South |
| | 4:00 – 4:15 pm | Sen. Smith | 22 South |
| | 4:15 – 4:30 pm | Rep. Magnafici | 7 West |



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