

THE CAPITOL INSIDER

Arizona Association of REALTORS®
Weekly REALTOR® Legislative Connection

April 27, 2009

Volume I, Issue II

The Insider is devoted to bringing you cutting edge information on legislative issues effecting your industry

State Legislators Still Talking About Taxing Services

The Arizona Legislature has scheduled budget hearings this week to work out a solution that will erase the fiscal 2010 \$2.93 billion deficit. The legislature must pass the FY2010 budget before June 30, 2009.

As previously discussed in The Capitol Insider, tax reform discussions are ongoing at the Capitol. The legislature is talking about broadening the base of the sales tax to include services sometime after passing the FY2010 budget or soon after the next legislative session begins in January 2010.

We'll keep you updated as we get information.

In addition to discussions about taxing services, the legislature may schedule a hearing to review a proposal that would reform impact fees and regulations on new housing developments. More details to follow...

AAR TO LOBBY ARIZONA CONGRESSIONAL DELEGATION

AAR FPCs (federal legislative liaisons) and Line Officers will be lobbying our members of congress in May. Here are some of the items that we will be lobbying for on membership's behalf:

(1) Continue to Move the Housing Market Forward and Safeguard Our Communities

- (A) **Restructuring the GSEs (Fannie Mae & Freddie Mac)** – NAR is advocating a continued key role for the federal government in ensuring capital for mortgage lending throughout all mortgage markets and in all market conditions.
- (B) **FHA & GSE Loan Limits** – NAR is advocating that Congress make permanent the 2008 loan limit formula and loan limit cap.
- (C) **Homebuyer Tax Credit** – NAR is advocating that Congress expand the \$8000 first-time homebuyer tax credit to include all homebuyers at all income levels.

(2) Preserve the Mortgage Interest Deduction – NAR opposes any changes to current law. The MID is a remarkably effective tool that facilitates homeownership. While only about 30 percent of all taxpayers in any given year itemize their deductions, more than ¾ of homeowners utilize the deduction over the period they own their home.

(3) Enact Health Care Coverage for the Self-Employed and Small Businesses – NAR is advocating that Congress pass health care reform legislation that addresses the inequities faced by the self-employed and small businesses in the nation's health insurance delivery system.

(4) Adopt Reasonable Approaches to Energy Efficiency – Congress is moving rapidly to consider legislation that will require our nation's commercial and residential buildings to become more energy efficient. NAR is advocating commercially reasonable, incentive-based approaches to energy conservation. NAR strongly opposes requirements which are imposed at time of sale or impose undue economic burdens on property owners or managers.

(5) Stabilize and Provide Liquidity to Commercial Real Estate Markets – Our nation's credit markets that support commercial and investment real estate are frozen. Many property owners are concerned they will be unable to refinance existing loans including land and residential development loans. Restoration of the orderly functioning of financial markets is essential.

- (A) NAR is advocating that the Federal Reserve consider expanding the duration of loans offered to investors through the Term Asset-Backed-Securities Loan Facility (TALF) from the current 3-year term to at least five years to better accommodate the longer loan terms of commercial mortgages. (Most commercial mortgages have a loan term of seven to 10 years).
- (B) NAR is advocating retention of the current capital gains rates.