

2019 Legislative Wrap Up

Sam Sill – MAR Government Affairs Director

The 2019 Montana State Legislative Session adjourned on April 25 after 87 working days. The session was a successful one for Montana REALTORS® as the association notched some important policy wins.

Montana REALTORS® are committed to protecting consumers, and MAR's proactive legislative agenda reflected that commitment. MAR succeeded in passing HB 416, a bill requiring real estate brokers and salespeople to obtain errors and omissions insurance coverage. In addition to better protecting consumers, this legislation will increase professionalism in our industry and help protect REALTORS® from liability due to mistakes made by uninsured licensees.

The E and O insurance legislation allows for a group insurance policy to provide affordable, guaranteed coverage. The group policy is just another option for coverage – licensees may continue to get their coverage from their firm or an individual policy of their own provided it meets minimum coverage standards. The insurance requirement begins for the licensing year beginning November 1, 2020. MAR thanks Representative Ross Fitzgerald, a Montana REALTOR®, for sponsoring this legislation.

We also passed HB 376, legislation to repeal the Real Estate Recovery Account. The account is funded by a \$35 fee on new salesperson and broker licenses and is intended to provide financial compensation for consumers that have an unsatisfied court judgment against a real estate licensee. The account has been used very few times, and once E and O insurance is required, the account will no longer be necessary. In 2021, HB 376 will eliminate the account and the licensing fee and will move the roughly \$400,000 balance to the Housing Montana Fund, a revolving loan fund for gap financing for housing affordable to all Montana families.

MAR was the primary advocate for SB 269, legislation intended to increase professionalism among home inspectors and ensure better outcomes for consumers. Passed and signed into law, SB 269 requires home inspectors to pass an exam or successfully complete pre-registration education, carry both general liability and errors and omissions insurance, and undergo continuing education.

Though meaningful, pro-development land use policy reform was politically infeasible in 2019, MAR was successful in helping to kill off several bills aimed at placing unreasonable new restrictions on property owners. This included legislation allowing cities to create vacant property registries (HB 253), as well as a bill that would have allowed counties to use subdivision review criteria on exempt parcels like family transfers (SB 198). In addition, MAR worked with the title and banking industries to pass SB 276, legislation to create a clearer process for converting condominium units to townhouses. This was the culmination of several unsuccessful attempts in previous sessions to pass such legislation.

Ensuring fair treatment of property owners by Montana's tax system was a focus of MAR's in 2019. We primarily played defense, successfully opposing several bad tax bills, including one that created a new tax on second homes (HB 675), and another that eliminated the mortgage interest deduction from state income taxes (HB697). We supported HB 394, a bill that would have allowed property taxpayers successful in an appeal of an appraisal to seek attorney fees and that put sideboards on the Department

of Revenue's use of the cost approach to valuation of residential property. HB 394 was passed by the legislature but was ultimately vetoed by the Governor.

It was a quiet session for water policy, not in least because the legislative majority and the current Administration are deadlocked on significant water issues. No significant legislation pertaining to exempt wells was passed. The legislature did pass a few bills from the Water Policy Interim Committee that made minor improvements to the water right permit and change processes that MAR supported (HB 44, HB 45, and SB 81).

The Montana Association of REALTORS® thanks our 150 citizen legislators and the Governor for their service to Montana. Legislators spend months apart from their families and devote countless hours tending to the business of our state. Though we may not always agree, they are each deserving of our sincerest gratitude.

Just as importantly, we thank you, our Montana REALTOR® members. Your support allows us to be effective advocates for our industry in Helena. Whether it's contributing to RPAC, serving as a Key Contact, formulating policy stances as a member of the Government Affairs Committee, or attending our legislative events, there are many opportunities to get involved. We hope that you will continue to lend your voice to our advocacy.

While the session was a successful one for Montana REALTORS®, there is still much left to be done. The interim session has started, and MAR will continue to promote the interests of our members and protect private property rights as we prepare for the 67th Montana Legislative Session in 2021.