



Memorandum

WISCONSIN REALTORS ASSOCIATION

TO: WRA Leadership
FROM: Michael Theo
DATE: March 29, 2004
RE: Session Summary

Below please find a summary of the recently concluded 2003-04 legislative session. As you will see, this session was among the most productive sessions ever for the WRA and the families and property owners we represent.

WRA PRIORITIES PASSED

NO TAX INCREASE BUDGET

The state erased most, if not all of a record \$3.2 billion deficit without raising taxes, cutting spending by some \$1.5 billion and eliminating over 2,000 state jobs. Unlike many other states facing deficits, the threat of new taxes like extending sales taxes to services like real estate or to commercial leases, was averted. (WI Act 33 – SB 44)

REGULATORY REFORM

Passage of the Jobs Creation Act represented one of the most comprehensive regulatory reforms in state history by streamlining air and water permits and increasing agency accountability, without weakening environmental standards. The water permitting process changes alone provides significant savings in time and costs for property owners pursuing residential and commercial real estate development. (WI Act 118 – AB 655)

ELECTRONIC COMMERCE

This legislation creates the legal framework to govern electronic business transactions in Wisconsin, based on the Uniform Electronic Transfer Act (UETA). With this framework in place, industries such as real estate, now have an incentive to develop the tools and systems to conduct electronic transactions while providing adequate consumer protections. The Governor has indicated his support and is expected to sign it into law. (AB 755)

TRANS 233 – LAND DIVISION REGULATIONS ALONG HIGHWAYS

The legislature suspended portions of Trans 233 – Department of Transportation (DOT) rules regulating land divisions adjacent to state highways. The broadly-worded and interpreted rules have become a serious impediment to economic growth and real estate development. The legislature has indicated that additional portions of the rules will be suspended if the DOT fails to make significant permanent modifications. (Action taken by the Joint Committee for Review of Administrative Rules.)

LICENSE RECIPROCITY

This legislation authorizes the Department of Regulation and Licensing to enter into reciprocal real estate licensing agreements with other states. This change recognizes Wisconsin's real estate market extends well beyond our borders and is particularly critical to growing markets in southeastern and western areas of the state. The Governor is expected to sign this legislation even though he vetoed identical legislation last month based on procedural issues. (SB 369)

CONDOMINIUM REGULATORY REFORMS

The legislature adopted the first significant reforms in state condominium laws in many years – years that seen a significant increase in the number of condominium homes in Wisconsin. The changes include encouraging prudent reserve fund policies and simplifying/ clarifying disclosure materials so prospective buyers have a better understanding of their rights and obligations. The Governor is expected to sign the bill into law. (AB 254)

MUNICIPAL SERVICE FEE LIMITATIONS

This legislation prevents local communities from imposing unreasonable fees for public services they provide. The new law codifies current case law by requiring fees charged by local units of government may not exceed the actual costs incurred by the local unit of government to provide that service. Governor Doyle agreed with this legislation and has signed the bill into law (WI Act 134 - SB 375)

TAX INCREMENTAL FINANCING (TIF) IMPROVEMENTS

The legislature adopted significant improvements to local tax incremental financing (TIF) district laws, providing local communities with new tools to attract and retain existing employers, jobs, and housing opportunities. The changes allow the use TIFs for residential housing in industrial and commercial developments, the sharing of proceeds between TIFs within a community and extending the life of TIFs used in redevelopment to 27 years. The Governor agreed with the changes and signed the bill into law. (WI Act 126 - SB 305, with technical corrections in SB 428)

SMART GROWTH REVISIONS

The legislature made several significant improvements to Wisconsin's comprehensive land use planning statutes, (a.k.a. Smart Growth), making the law more workable for local communities and property owners alike. The bill exempts communities that don't have zoning, subdivision regulations, shoreland zoning or official maps and clarifies that comprehensive plans adopted by regional planning commissions are only advisory and do not supercede local community plans. The legislation was supported by a wide range of local government, real estate and environmental groups and is expected to be signed by the Governor. (AB 608)

OTHER KEY ISSUES PASSED

LAND USE

- Reducing bonding authority for state land purchases (Stewardship program) (AB 480)
- Subjecting county development plans for town board approval (AB 551)
- Amortization of non-conforming buildings and signs (AB 858)

- High capacity underground well regulations (AB 926)
- Limiting authority of cities and villages to annex town territory (SB 87)
- Voluntary environmental audits and incentives for improving environmental performance (SB 61)
- Public inland lake protections (SB 440)
- Brownfield revolving loan program (SB 471)
- Making private insurance available to facilitate environmental cleanups (SB 472)

LENDING

- Qualifications for mortgage bankers, brokers and consumer mortgage broker agreements (SB 279)
- Regulation of certain mortgage loans and lenders (anti-predatory lending) (AB 792)

BUILDING CODES

- One- and two-family dwelling code enforcement (WI Act 90 – SB 168)

OTHER

- Creation limited authority for towns to create TIFs (AB 437)
- Allows nonprofit organizations to hold meetings via electronic communications or electronic ballot (AB 890)
- Property tax exemption for leased nonprofit residential housing (SB 512)

UNFAVORABLE LEGISLATION PASSED

DEFINITION OF AGRICULTURAL FOREST LAND

This legislation redefines certain forest land as agricultural land and subjects these lands to the lower “use value” property tax system. While this benefits certain farmers, the change shifts yet additional property tax burden from agricultural land to other forms of property such as residential, commercial industrial properties. (AB 650)

LIVESTOCK FACILITIES SITING

This legislation authorizes the siting of large, factory farms in Wisconsin. Unless local governments specifically direct areas where such farms can be located, individual farmers are free to expand their operations into these mega-farms. Neighboring and area property owners, who may suffer loss of property value or other negative impacts by such operations, have little if any notice or rights. The WRA opposed this legislation due to the potential negative impact on neighboring properties, but were unable to realize amendments that provide such safeguards. However, authors of the legislation promised the WRA that specific notice to neighboring property owners will be included as part of the administrative rules implementing the law. (AB 868)

SPECIAL SESSIONS PENDING

While technically adjourned for the session, the legislature is scheduled to reconvene for several days in late April and mid-May to consider limited business including review of gubernatorial vetoes. However, the leadership in both the state Assembly and Senate have indicated the likelihood of several “extraordinary sessions” to consider campaign finance reform, health care and constitutional limitations on state and local government spending. The WRA expects to take a very active role in all three of these issues.

If you questions or comments, please don't hesitate to contact me at mtheo@wra.org.