The 108th General Assembly adjourned this year’s legislative session on April 17, the earliest they have finished their work since 1994. This closing signified another very successful year for the Tennessee Association of REALTORS® as all of the organization’s legislative goals were achieved. This success is a direct result of REALTORS® from across the state making sure their voices are heard in Nashville and the Tennessee Association of REALTORS® continuing to be a major voice for real estate public policy.

The General Assembly approved Governor Bill Haslam’s proposed $32 billion budget and passed the much discussed “wine in grocery stores” legislation. And while the legislature did pass Governor Haslam’s budget, due to lower than expected revenues, state employees did not get their anticipated pay raise and state colleges and universities will likely have to raise their tuition in 2014. The revenue projections have ebbed and flowed with the Department of Revenue continuing to closely monitor the situation. Various other policy issues moved through the legislative body this year, including guns in parking lots, charter schools and teacher evaluations.

TAR proposed a major legislative item this legislative session, a modification to the Commercial Broker’s Act, which insured that brokers who rely on income from commercial rental leases will be allowed to collect the commissions that are contractually due. With the REALTORS® behind this change to the Commercial Broker’s Act it unanimously passed both the House and Senate. This legislative measure came down to a fair business environment and protecting the right to real estate commissions. In addition TAR supported a number of other bills including legislation that will allow the courts to assign blighted property to non-profits who want to clean it up for the betterment of the overall community.

The TAR team tracked more than 200 bills, keeping everyone on the TAR Governmental Affairs Team quite busy. Collectively our voices were heard on issues of local land ordinances and regulations, contract/estate law, annexation, and other real estate issues. When it was all said and done, none of the bills that TAR opposed passed the General Assembly and the major agenda items sailed quickly through committee – another great testament to the grassroots efforts of the REALTOR® Party collectively making sure their opinions are heard loud and clear!

It was a great year for TAR. And as we have suggested in previous years, now is not the time to rest on our laurels. 2014 is an election year and over the past three election cycles the General Assembly has had an over 50% turnover rate. That means over half of the members of the General Assembly may or may not fully appreciate the importance of the real estate to the economy. This time of year is when those relationships with the legislators are strengthened and established. NOW is the time to get to know the candidates running for State House and State Senate and make sure they understand and appreciate the real estate market in Tennessee and see REALTORS® as the real estate experts.
Below you can view some highlights from this session and get a complete bill summary report comprised by TAR Governmental Affairs Department. If there are any questions or concerns about legislation, please contact Chris Sexton, TAR Governmental Affairs Director at chris.sexton@tarnet.com or Russ Farrar, TAR Chief Lobbyist and Legal Counsel at russ.farrar@farrar-bates.com.

**Commercial Broker’s Act Clarification**

TAR brought legislation in 2014 that helped strengthen the option for a commercial real estate broker to file a notice to pay a real estate commission on rental property. Previously the Broker’s Act permitted commercial real estate brokers to file a notice with the Register of Deed’s Office to place purchasers of commercial property on notice of a commitment to pay commissions based upon rental income. Under current law, this notice is required to be filed in the Register of Deed’s office at least ten (10) business days before the transfer of any commercial real estate.

However, the current verbiage of the statute severely limited the situations in which brokers could recover such commissions. Commercial leasing agents are not always paid based upon rental income. The notice language contained in the statute only contemplated protection for those commissions which was based upon rental income and were payable over time. This has led to commercial agents not receiving payment for work they have performed which clearly brings a benefit to the current or subsequent owner of the commercial property. The value of the commercial property increases as a result of a full rent roll that resulted from the work of the real estate agent.

Senator Bill Ketron (R, Murfreesboro) and Representative Andrew Farmer (R, Sevierville) sponsored Senate Bill 1761 / House Bill 1663 to rectify the situation and make sure Realtor® members could collect their proper commissions. House Majority Leader Gerald McCormick (R, Chattanooga) and Representative Jeremy Durham (R, Franklin) also co-sponsored the legislation, which passed unanimously in both the House and Senate.

The effort of the sponsors and the commitment of the entire General Assembly is greatly appreciated for closing this loophole and bringing real estate agents the opportunity to earn their duly owed commissions.

**Additional Supported Legislation**

*Anti-Blight Legislation*

Blight continues to be a major problem in urban areas across the country and legislation was passed this year to give the courts another tool to combat blighted properties. Senator Reginald Tate (D, Memphis) and Representative Mark White (R, Memphis) sponsored Senate Bill 2010 / House Bill 1930 making changes to the Neighborhood Preservation Act to allow courts in counties under the Act to implement a non-profit receiver (like a local church or Habitat For Humanity) to clean up the blighted property and get their financial investments in the property repaid when the property is sold at foreclosure.
This legislation could not of occurred without the ongoing efforts of grassroots REALTORS® and their commitment to the legislative process. MAAR members helped draft and edit the original language of the bill and then closely monitored and lobbied the legislation through passage. The legislation passed the State Senate 31-0 and the House of Representatives 85-0.

Currently only Shelby, Davidson and Madison Counties are approved to use the Neighborhood Preservation Act to fight blight but we expect in 2015 that the legislature will include many more counties in the legislation, if not the entire state, due to their being such a high interest.

The legislation was co-sponsored by Representatives Jim Coley (R, Bartlett), Karen Camper (D, Memphis), Steve McManus (R, Cordova), Barbara Cooper (D, Memphis), Antonio Parkinson (D, Memphis), Raumesh Akbari (D, Memphis), G.A. Hardeway (D, Memphis), Johnny Shaw (D, Bolivar) and Jimmy Eldridge (R, Jackson).

**Opposed Legislation**

- Senate Bill 737, which has been filed in previous General Assembly sessions would have allowed for domestic violence victims to break their lease on their residence. TAR has continued to work closely with organizations wanting to help find solutions for domestic violence victims and their housing challenges but negating a valid contract and penalizing a property owner does not seem like the right solution. **Grassroots efforts helped get this legislation taken off notice in House Business and Utilities Subcommittee.**

- Senate Bill 2198 would have limited the abilities of Homeowner’s Associations to regulate themselves by limiting their power to implement late fees and community vehicle rules. **The legislation was also taken off notice in House Business and Utilities Subcommittee.**

- Senate Bill 2375 was brought by the Tennessee Association of Professional Surveyors and would have required that EVERY residential closing to be reviewed by a surveyor. The TAR Legislative Affairs Subcommittee had several issues with the legislation including the likelihood of closings being greatly backed up due to the limited number of surveyors and the unnecessary cost of the process, an addition to any title search and appraisal. The bill sponsors agreed to not move the legislation once it was presented to them that the TAR Purchase and Sale Agreement included language encouraging buyers to get a survey if they were so inclined and TAR agreed to highlight the already existing language. **After the compromise, the legislation was never heard in the either the House or Senate committees.**

**Additional Monitored Bills**

- Senate Bill 2464/ House Bill 2371 passed both the House and Senate overwhelmingly after tremendous debate and requires a majority of voters needed for approval of certain annexations. Previously annexations could have been implemented by ordinance by cities if they were agreement with the county. The Tennessee Advisory Commission on
Intergovernmental Relations is charged with continuing to study the situation and make recommendations back to the General Assembly on how to fairly and properly implement the new law.

- Senate Bill 1620 / House Bill 1416 was brought by the Department of Commerce and Insurance and requires fingerprints and background checks for new real estate appraiser applicants. The requirements are in keeping with federal requirements.

- Senate Bill 915 / House Bill 964 was agreed upon after two years of negotiations between the Homebuilders of Tennessee and the Tennessee Municipal League. It implements vested property rights for builders and developers who wanted to be protected from changes to planning and zoning ordinances which are enacted after a development is being constructed.

- Senate Bill 54 / House Bill 19 was also proposed in 2013 but took 2 years worth of negotiations between the Comptroller’s Office, Community Associations Institute, REALTORS® and local governments to work out. As passed, the legislation is designed to deal with delinquent tax sale of property where the property has more back taxes owed then the property is worth and is inside a homeowner’s association covenant. The bill will provide that a county may give a homeowner’s association land that is undeveloped or unimproved inside their boundaries in lieu of the county owning the delinquent (and near worthless) property.