



2014 Lame Duck Recap

The legislature ended session in the early morning of December 19, 2014. Most of the negotiations surrounded a multi-bill package dealing with transportation funds. The package, which finally cleared both the House and Senate, included bills that:

- Increase the state's sales tax from 6 percent to 7 percent
- End sales tax on motor fuels, but convert the current fuel tax structure to a wholesale tax, which would increase the overall tax by 3 cents per gallon
- Add \$95 million in registration tax changes, with \$50 million paid by heavy trucks. Personal vehicle registrations would no longer decline as vehicles age, and there would be a surcharge for electric, hybrid vehicles
- Restore the states Earned Income Tax Credit (EITC) to the rate it was before being reduced in 2011 (20% of the federal EITC)
- End diversion from the School Aid Fund, which means the SAF would no longer help fund the state's universities

The increase in sales tax will require approval from voters in May. If the ballot proposal is not approved, none of the other bills take effect. Of the road funding, \$112 million would go to the Comprehensive Transportation Fund for rail, transit and other needs.

Below is an update on other legislation CEDAM was tracking.

- **Service Fee Housing Disclosure Bill ([HB 5831](#))**: This bill would have allowed the State Treasurer (or the treasurer's designee) to disclose the address of each housing unit that is part of a tax-exempt housing project. The bill died in the Senate, but we will re-introduce the legislation next year.
- **Tax Exemption for Nonprofit Housing Property ([HB 5182](#))**: This bill would allow a tax exemption for a maximum of three or five years for eligible nonprofit housing property owned by a charitable nonprofit housing organization, with approval of the State Tax Commission. It would allow the nonprofit housing organization to apply to the State Tax Commission for an exemption for a maximum of five years for a residential building lot and three years for a non-residential building lot. The exemption would terminate when the property is occupied or the property is transferred by the organization. The bill was enrolled in House after the substitute was concurred in the Senate. The Governor signed the bill on December 28, 2014.
- **Rental Inspection Bill ([SB 313](#))**: This legislation, which CEDAM discussed last year, would have amended the housing law to eliminate the requirement for local units of government to inspect rental properties, allow local units of government to allow a minimum period of time between inspections of no less than 6 years and provide that the lessee would have to grant permission for an inspection. The bill made it to third reading in the House but was not voted on.

- **Weatherization Funding ([HB 4544](#))**: This bill would provide a statutory funding level to the Community Action Network that can support weatherization efforts throughout the state. The bill was enrolled in the House after the Senate concurred on a substitute. The Governor signed the bill on January 10, 2015.
- **Foreclosure Legislation ([SB 295](#))**: This legislation would prohibit someone who has delinquent taxes, special assessments, or any unpaid fines for violating local blight or nuisance from bidding at tax foreclosure auctions. It would also require prospective bidders to register with the foreclosing government at least 14 days prior to the start of the sale. Bidders could not hold title to any property that has been foreclosed upon in the prior three tax years. The bill was enrolled in the Senate after the House concurred on a substitute. The Governor signed the legislation on January 10, 2015
- **Tax Foreclosure Legislation ([HB 4882](#), [HB 5421](#))**: Among other things, this legislation specifies that foreclosure proceedings would halt if the homeowner makes an initial payment equal to 10 percent of the total delinquent taxes owed, and includes language allowing county treasurers to reduce the interest owed from 18 percent to as low as 6 percent. It would also allow treasurers to reduce back taxes owed for homeowners whose back taxes are more than half the home's State Equalized Value, or more than on-quarter of the home's value. The legislation was enrolled in the House after an earlier Senate concurrence on a substitute. The Governor signed the legislation on January 10, 2015