

AGENDA



September 24, 2013

LEGISLATIVE COMMITTEE

Long Beach Convention Center
3:30 - 5:15, Thursday October 10, 2013

MISSION STATEMENT: The mission of the committee is to monitor and supervise the state implementation of C.A.R. public policy in legislation and regulation; and to evaluate policy recommendations that arise in C.A.R.'s four public policy committees: Transaction and Regulatory, Taxation and Government Finance, Land Use and Environmental, and Housing. The Legislative Committee reports to the Executive Committee and the Board of Directors.

PRESIDING:

CHAIR: Geoff McIntosh, Pacific West
VICE CHAIR: Greg Galli, Greater Antelope Valley
VICE CHAIR: Art Nellessen, Humboldt

Liaisons:

Virginia Butler
Ted Loring

Staff:

Alex Creel
Stan Wieg

- I. **Opening Remarks - Geoff McIntosh**
- II. **Action Required - Policy Committee Reports**
 - A. **Home Ownership Housing Committee - Sandy Darling, Chair**
 - B. **Investment Housing Committee - Jay Avirom, Chair**
 - C. **Land Use and Environmental Committee - Peter Morris, Chair**
 - D. **Taxation and Government Finance Committee - Hal Alpert, Chair**
 - E. **Transaction and Regulatory Committee - Dennis Badagliacco, Chair**
 - F. **Other Action Items**
- III. **Distress Property Task Force Report - Sharon Bowler, Chair**
- IV. **1. AB 429, Daly - BRE staff preservation** - In 2012 Governor Brown's reorganization, among other things, moved the Bureau of Real Estate (BRE) to the Consumer Services Agency, effective July 1, 2013, under the Department of Consumer

Affairs (DCA). BRE and C.A.R. were concerned that the change in status might prompt the Department of Justice (DOJ) to assert its authority (which has always existed) to take over BRE's legal staff in regulatory hearings. C.A.R. sponsored AB 429 to clarify that BRE is to retain its regulatory, enforcement and legal staff in its new status as a Bureau within DCA. In early April, in response to AB 429, the Department of Justice (DOJ) confirmed in writing that it has no intent to try and take over BRE's legal action, and that it doesn't have the staff to do so even if it wanted to. The DOJ delivered an interagency letter which authorizes the BRE to continue the "status quo" until 2015 when the issue will be revisited with BRE's participation. In addition to the interagency letter Assembly member Daly, the author of AB 429, placed a letter in the Assembly Daily Journal to memorialize the interagency agreement. With the written assurances from the DOJ, as well as the memorializing letter in the Assembly records C.A.R. did not advance AB 429.

2. SB 30, Calderon/ AB 42, Perea - Short sale income tax treatment - The federal government enacted the Mortgage Debt Relief Act of 2007 creating mortgage debt forgiveness relieving borrowers from income tax liability on debt forgiven in a "short" sale. In late 2008 the federal government extended this relief through December 31, 2012. In 2008, California enacted and C.A.R. supported SB 1055 (Machado) which provided conformity with the federal statute for the 2007 and 2008 tax years and, in 2010, California enacted SB 401 (Wolk) which extended the income tax debt forgiveness until December 31, 2012. On December 31, 2012, Congress passed budget solutions to avoid the "fiscal cliff," which included an extension of the mortgage debt forgiveness sunset date to January 1, 2014. C.A.R. is sponsoring SB 30 and AB 42 to make conforming changes in California law retroactive to January 1, 2013. In the Senate Appropriations Committee, SB 30 was linked to SB 391 meaning that it cannot become law unless SB 391 is enacted. C.A.R. strongly opposes "linking" these two measures. SB 30 is a "two year" bill and can be signed into law as late as April 14th of next year to protect taxpayers on their 2013 tax returns which must be filed by April 15, 2014.

Federal mortgage debt forgiveness update. In addition to C.A.R.-sponsored California legislation, Senators Debbie Stabenow (D-MI) and Dean Heller (R-NV) have introduced S. 1187, "The Mortgage Forgiveness Tax Relief Act." This bill would extend for two-years (tax years 2014 and 2015) the current law provision that allows tax relief for homeowners when lenders forgive some portion of mortgage debt they owe, such as in a short sale.

Federal tax law generally provides that when individuals are forgiven of debt, they have taxable income. However, a C.A.R.-endorsed provision first enacted in 2007 provided relief to most taxpayers who found themselves with forgiven mortgage debt in connection with their principal residence. Unfortunately, the provision was only temporary and has expired and been extended several times. The most recent extension is scheduled to expire at the end of 2013. S. 1187 would extend the provision through the end of 2015.

C.A.R. is continuing to pursue alternatives to provide relief to short sellers from imposition of tax liability for "phantom income" arising out of debt forgiveness.

3. SB 176, (Galgiani) Notice of Regulatory Actions - Current law requires regulatory bodies to post meeting notices and public reports on their individual websites. Originally, SB 176 (Galgiani) would have required all state agencies to publish meeting notices and preliminary rulemaking activities in the California Regulatory Notice Register (Register) at least 15 days prior to any scheduled meeting. This measure was amended by the Senate Appropriations Committee to make minor changes to existing law regarding stakeholder involvement in rulemaking activities. In June, C.A.R. amended SB 176 to instead permit agencies to electronically submit these documents to Office of Administrative Law (OAL), rather than using the current outdated practice of requiring notices and rulemaking documents to be hand delivered in hard copy. SB 176 will pave the way for easier electronic posting by OAL in the future.

V. Updates on Action Taken [includes leadership actions and follow-up Actions Taken]

1. Member mobilization activity - DeAnn Kerr
2. Legislative environment overview - Staff
3. Other

VI. Other Business

IX. Introduction of 2014 Committee Leadership

X. Adjournment

Agenda

Note: the symbol * next to an item indicates that it is accompanied by an Issues Briefing Paper contained in the committee meeting materials.