



Legislative Update 2.20.24

The halfway point of the 2024 Regular Session was passed on Tuesday of last week. The bill filing deadline is fast approaching and with just under 30 legislative days remaining, two of KYR's backed measures still have some hurdles to overcome to make it across the finish line.

House Bill 88 (40-Year Listing Agreement) sponsored by Representative Michael Meredith has passed the House but has yet to be heard in a Senate committee. We expect HB88 to see some action either this week or next week in the Senate Banking and Insurance Committee.

House Bill 222 (First-Time Homebuyer Savings Program) which is sponsored by Representative Killian Timoney, KYR is in a holding pattern to see if this measure will see movement this session. Some key discussions have been had between KYR representatives and legislative leadership. We will keep you updated on potential movement with HB222.

Bill Notes:

KREA Reorganization Bill: [House Bill 403](#) passed out of the House State Government Committee last week and is headed to the House Floor for passage.

Legal Instruments Bill: [House Bill 488](#) which establishes when a County Clerk shall file mortgage amendments so long as both parties agree has passed out of the House Banking and Insurance Committee and is now headed to the House Floor.

Homestead Exemption: [Senate Bill 23](#) proposes to amend the state constitution regarding the homestead exemption. Under the amendment, resident homeowners who are 65 or older would avoid tax increases that result from rising property valuations. SB 23 cleared the Senate floor Monday.

2024 Legislative Priorities

Your role is critical in the legislative process!

As Kentucky REALTORS® members, your voice is critical to our success throughout the legislative session. When issues important to your business are moving, we will alert you and ask you to contact your legislators or provide feedback on proposed legislation. Strength in numbers matters in Frankfort, and we value your help and perspective as REALTOR® leaders.

Be on the lookout for an SPC Action Alert on HB88 in the State Senate this week. As I mentioned above, we expect this bill to see some movement either this week or next week in the Senate Banking and Insurance Committee.

QRT News

[KY Realtors Bill Tracker - Week 7](#)

[2024 Legislative Priorities](#)

Through the first four weeks of the legislative session, your QRT has already discussed nearly 50 pieces of legislation. The QRT has voted to **SUPPORT 11** Bills, **OPPOSE 4**, and **Monitor 61**.

Two of the top priorities for Kentucky REALTORS® are in front of legislators – House Bill 88 (40-Year Listing Agreement) and House Bill 222 (First-Time Homebuyer Savings Program).

House Bill 88 is our 40-Year Listing Agreement language that is being carried by Rep. Michael Meredith. The proposed legislation would protect consumers by making it clear that a residential listing service agreement, shall be limited to 2 years and shall not be recorded in property records, not impose a lien on residential property, not bind future owners or run with the land.

The First-Time Homebuyer Savings Account legislation would establish a tax deduction for contributions made to an eligible savings account by a first-time home buyer and allow an exclusion from income for any interest earned from an eligible savings account of a first-time home buyer. If passed this session, the effective date would be January 1, 2025.

Thank you, Representative Meredith and Timoney, for your continued support on these issues.



VOTE YES on HB 88
Unlawful Trade Practices: Sponsored by Rep. Michael Meredith

THE ISSUE

- In recent years, a real estate brokerage operating across the U.S., including KY, has introduced a new "program" essentially misleading homeowners into signing deceptive contracts.
- This predatory practice starts by a brokerage offering a one-time cash payment (ranging from \$300-\$5,000) to a homeowner in exchange for signing a contract that gives exclusive listing rights to the brokerage for 40 years.
- The brokerage then records that agreement at the County Clerk's office as a lien against the property. The lien runs with the land, not just the homeowner who originally signed the agreement, thus tying the hands of heirs to the property or future owners.
- At any point in time, if the seller decides to not use the brokerage to list their property the homeowner must pay a "termination fee" that is equal to the broker's commission.
- This particular brokerage operates in 30 states, including KY, and is subject to numerous lawsuits filed by Attorneys General in Florida, North Carolina, Ohio and Pennsylvania. In addition to legal action, 16 state legislatures have taken action to ban this deceptive and unfair practice.

THE SOLUTION

- HB 88 (Section 3) protects the consumer from these deceptive and predatory practices by making it clear that a residential listing service agreement, shall be limited to 2 years and shall NOT be recorded in property records, NOT impose a lien on residential property, NOT bind future owners or run with the land.
- HB 88 establishes penalties for a violation of the law to hold bad actors accountable.
- Vote YES on HB 88 to protect Kentucky Homeowners!



Kentucky REALTORS® Support HB 222: First-Time Homebuyer Savings Accounts
Sponsored by Rep. Killian Timoney

HB 222 creates a first-time homebuyer savings account program to help Kentuckians save money to purchase their first home. Funds deposited into the savings account can be deducted from the individual/couples income tax. The funds must be used for a down payment or closing costs on a single-family residence in Kentucky.

- Savings accounts may be opened at any financial institution defined in KRS 286.11-003 with a physical location in Kentucky (banks, credit unions, etc).
- Eligible for Kentuckians who have not owned a home in the last 10 years.
 - The program is authorized for a period of 10 years to give Kentuckians time to save from January 1, 2025-January 1, 2035.
- There is no limit on how much Kentuckians can deposit in the account, but there are limits on how much can be deducted from income taxes each year.
 - o Individuals may deduct up to \$5,000 per year for a total of \$25,000 over 10 years
 - o Couples/Join Filers may deduct up to \$10,000 per year for a total \$50,000 over 10 years
- The KY Dept. of Revenue may request documentation to verify contribution amounts and that funds were withdrawn and used for eligible costs by a first-time homebuyer. If funds are withdrawn for something other than eligible costs (down payment or closing costs) the deduction shall be claimed as an addition to income.
- KY Department of Revenue shall submit a report to the legislature each year to evaluate the effectiveness of the program.

What has happened in other states?*

- 14 other states have first-time homebuyer savings account programs.
- Alabama and Oregon, states with population similar to Kentucky, reported 891 (AL) and 950 (OR) filers contributed to similar savings accounts in 2019.
- States have reported relatively small reductions in tax revenue, ranging from \$30,000 - \$2m per year.

Home ownership can provide significant benefits to the buyer as well as their communities. Help more Kentuckians take the first step towards homeownership and VOTE YES on HB 222!

*An Analysis of First-Time Homebuyer Savings Accounts authored by Center for Business and Economic Research, Eastern College of Business and Business, University of Southern Indiana.

SUPPORT HB222
First-time Homebuyer Savings Account
Sponsored by Rep. Killian Timoney

FIRST-TIME HOMEBUYER

- In 2022, first-time buyers made up 35% of home sales, a record high.
- Due to rising interest rates and the cost of homeownership, purchasing your first home is becoming more difficult.
- First-time homebuyers often face limited funds for a down payment and may require assistance in securing financing.
- The decision to purchase a home is a significant financial commitment, and times the biggest purchase a person will make in their lifetime.

BACKGROUND

Over half of first-time homebuyers do not have enough funds to cover the down payment and interest on their first home.

LEGISLATION

Creation of a First-Time Homebuyer Savings Account that allows for tax-deductible contributions.

• The account will be established by the Department of Revenue.

• Contributions to the account can be deducted from the taxpayer's income.

• The account will be used for down payment and closing costs on a first-time home purchase.

OUR MISSION

Providing financial education and resources to help first-time homebuyers achieve their dream of homeownership.



Supported Bills (10):

HB88 (Meredith, M) – This large consumer protection bill is carrying our 40-Year Listing Agreement language. The proposed legislation would protect consumers by making it clear that a residential listing service agreement, shall be limited to 2 years and shall not be recorded in property records, not impose a lien on residential property, not bind future owners or run with the land.

HB222 (Timoney, K) - would establish a tax deduction for contributions made to an eligible savings account by a first-time home buyer and allow an exclusion from income for any interest earned from an eligible savings account of a first-time home buyer. If passed this session, the effective date would be January 1, 2025.

HB391 (Herron, K) – A bill that we have seen in recent years that would prohibit discrimination in certain housing, real estate, and other financial transactions, including sexual orientation and gender identity.

HB403 (Meade, D) – This bill would create the Division of Real Property Boards within the Public Protection Cabinet. The Auctioneers, Home Inspectors, and Appraisers would now fall under the Division of Real Property Boards. The real estate licensees would remain under the Kentucky Real Estate Authority as the sole entity.

HB443 (Rudy, S) – would protect home rule while also helping developers at the same time. It would require local governments to implement objective standards when dealing with subdivision plats and development plans. This should help speed up the process for developers.

HB488 (Meredith, M) establishes when a County Clerk shall file mortgage amendments so long as both parties agree.

HCR68 (Bridges, R) – would establish the Kentucky Housing Task Force to study, review, and provide policy recommendations on how to address the housing shortage in the Commonwealth.

SB54 (Thomas, R) - This legislation is intended to streamline the process of returning the title to descendants and helps restore family wealth, in the form of real property, and increase taxable revenue for the county where it is located. In 2022, NAR voted to support Heirs Property legislation.

SB122 (Girdler, R) – This will would allow landlords to file and practice a forcible detainer action.

SB134 (Neal, G) - Would prohibit discrimination in certain housing, real estate, and other financial transactions, including sexual orientation and gender identity.

SJR138 (Harper Angel, D) - Direct the creation of the Homestead Exemption Task Force to study the expansion of the homestead exemption. The President of Kentucky REALTORS® would serve as a member of the Task Force.

Opposed Bills (3):

HB71 (Kulkarni, N) - will provide automatic expungement of records and actions of forcible entry and detainer.

HB75 (Kulkarni, N) - This measure would specify the duties of a landlord with respect to abandoned personal property.

HB76 (Kulkarni, N) - This legislation would apply the Uniform Residential Landlord and Tenant Act across the Commonwealth. The QRT feels this should be left up to the locals to implement, not a statewide mandate.

HB536 (Grossberg, D) - establish a civil cause of action for a tenant against a landlord who receives a citation for a violation of a local housing code and does not remedy the violation within 90 days. If passed it would provide that if the cost of the repair exceeds 12 months' rent, the landlord may refund rent and obtain possession of the property within 30 days.

You can expect to receive KYR's Legislative Update every Monday during the session. We will keep you informed of the bills KYR is tracking (what we consider priority legislation that is both positive and

negative) and tell you when we need your voices to be heard by our legislators. As always, please contact Richard Wilson, KYR Governmental Affairs Director, at rwilson@kyrealtors.com if you have questions or need information regarding the Kentucky General Assembly.

Upcoming Events

2024 NAR REALTORS® Legislative Meetings – May 4-9 in Washington, D.C.

2024 Summer Retreat – June 24 – 27, 2024 – French Lick, IN

2024 KYR Convention & Installation – September 23 – 26, 2024 – Lexington, KY

2025 Leadership Conference – December 2 – 4, 2024 – Lexington, KY

Helpful Links

[2024 Regular Session Calendar](#)

[2024 Regular Session Bill Record](#)

[Find My Legislator](#)