



Kansas REALTORS® Save Mortgage Interest Deduction for State's Itemizers

Late this spring, in a heated and hard-fought legislative session rivaling any political intrigue that happens in Washington, and culminating in a round of high-pressure phone calls from the Governor's office and an intense three-hour debate in the Statehouse, the citizens of Kansas retained their ability to claim itemized tax deductions on their state tax returns, most notably their Mortgage Interest Deductions.

As Luke Bell, the Vice President of Governmental Affairs at the 7,500-member Kansas Association of REALTORS® (KAR) points out, the state's itemized deductions (including the Mortgage Interest Deduction) are claimed by some 417,000 taxpayers in Kansas, providing an average of \$1,083 in income tax relief per household. But the symbolic value of the tax break is priceless: "We have never, not since the 1913 inception of a state and federal income tax in this country, been without a Mortgage Interest Deduction. For that to begin to go away would send the damaging and demoralizing message that homeownership is no longer an important part of the American dream."

In addition to preserving and protecting all of the itemized deductions that were threatened by the Governor's proposed 'flat tax,' the plan finally adopted by the legislature also eliminates the state income tax on all non-wage business income from a partnership, limited liability corporation (LLC,) sub-chapter S corporation or sole proprietorship – a real benefit to the many REALTORS® whose business income is through one of these entities, starting in tax year 2013. All Kansans will also receive a significant reduction in their marginal state income tax rates.

KAR didn't have much time to launch a campaign to save the deductions. In fact, it wasn't until late October that anyone outside the Governor's very secretive planning group discovered that he was going to try to sweep away the itemized tax deductions in favor of a flat tax. His office had refused to answer questions from the media or the public on the details of his tax plan or even who was involved in crafting the plan. KAR was also up against some very deep pockets during the campaign, a force that included numerous national conservative groups and individuals. "Let me just say that we were likely vastly outspent," says Bell.

He immediately turned to the NATIONAL ASSOCIATION OF REALTORS® for help. "They made the process very easy. I started by calling NAR's Issues Mobilization team, and they sprang into action. Their application process was so simple that I was able to get the request together late one night in a hotel room on the road. We had funding in a week – total. Talk about support!" NAR's My REALTOR® Party grant of \$80K matched the amount that KAR was providing, itself.



KAR's half of the budget paid for full-page ads in eleven major Kansas newspapers, generating buzz and getting lots of press ("the 'shock and awe' stage of the campaign," laughs Bell.) The NAR portion funded two strategically timed rounds of automated calling that patched interested recipients straight through to the offices of members of the House and Senate tax committees, to register their opinions. It paid for online banner advertising, and ads on Facebook and other social media, as well as the design of all the campaign's advertising. KAR set up a website, www.protectthededuction.com, which served as a landing pad and action center to which all those ads linked; and in a feat of highly refined constituent matching, the NAR funding paid for an email campaign to voters in districts of 'key persuade-ables' -- "legislators we believed would control the issue," explains Bell.

According to Bell, NAR's support touched nearly every aspect of the campaign, and the message development and technical assistance that its staff provided was at least as valuable as the money itself. "All their consultants and vendors were top notch, and worked in the face of some really tight deadlines. For example, we got very good, very fast data from our first round of polling, which had to happen in the two weeks surrounding Christmas and New Years – *not* ideal timing at all."

Though Bell and his team are still reeling from the dizzying drama of such a high-stakes legislative session, he remarks, "The bottom line is that NAR was amazing. We could not have done it without them. They were responsive, supportive, and generous with their money, their technical assistance, and their knowledge. They helped us win -- by *two* votes."