



Kansas REALTORS® Get State's 99-year-old Real Estate Transfer Tax Repealed— July 2014

The real estate transfer tax had been on the books in Kansas for nearly a century, and it was showing no signs of budging. "Some legislators actually asked, 'Are you crazy?!' when I said we were going to challenge it," says Luke Bell, Vice President of Governmental Affairs at the 7,600-member Kansas Association of REALTORS® (KAR). "Although the state imposes the tax," he explains, "the revenue goes to the respective county. When I tell you that the largest county in Kansas received \$19 million from this tax last year, you'll understand the kind of pressure that was keeping it in place."

But Kansas REALTORS® knew that the tax was discriminatory, affecting only those taking out a mortgage, and placing an unfair burden on Kansas families, farmers and small businesses for the last 99 years. It was also "sneaky," in that it was never explicitly spelled out, except in the stack of documents that confront consumers at closing. Because closings are rare occasions for most consumers, unlike paying property taxes, it tends not to be the subject of lengthy focus or understanding.

So, when KAR decided to take on the tax, the association's government affairs team planned an intensive "insider campaign" to educate legislators, rather than consumers. "We've talked over the years about getting the tax repealed," says Bell, "but the political climate was never right until now. This year, we found ourselves with a group of legislators who are not as beholden to city or county governments. They're independent thinkers, more interested in listening to property owners: their neighbors and constituents. We just needed to get them to focus on the unfair nature of the tax. Getting it repealed would save the average Kansas homebuyer \$268 at the closing table."

KAR started planning back in October, in advance of the January to May legislative session. The first call was to the National Association of REALTORS®, whose Issues Mobilization team helped to formulate the strategy and contributed \$40,000 to the campaign. KAR contributed \$20,000 of its own funds and the effort also had the support of the Kansas Bankers Association and few smaller banking industry groups. The entire campaign budget went towards hiring a group of three seasoned lobbyists for the entire five-month session. "There are 165 legislators in the state legislature and I'm just one person," Bell points out.

The bill to repeal the long-standing real estate transfer tax was drafted by KAR's lobbying team and introduced in January. "We knew from the start that it would be a 3am-last-day-of-the-session kind of bill," laughs Bell. It was, indeed, a divisive fight, with tremendous pressure and even threats leveled against certain legislators by counties who saw their revenue stream at risk. "We were in suspense up to the last minute, thinking at times that there was no way we could get the necessary votes. But, in fact, we did -- at just after 2am!"

To mitigate the loss of revenue needed to fund the essential services directly associated with recording mortgage documents, especially in Kansas' smaller counties, the state's



document recording fee will stay in statute, and actually be somewhat increased over a period of four years. However, homebuyers will still save a chunk of change at closing.

Since 2007, NAR has worked with five state associations to ban possible real estate transfer taxes pre-emptively, through amendments to their state constitutions. With this effort, Kansas becomes the 15th state in the nation with no real estate transfer taxes on property owners -- and the first state ever to repeal an existing real estate transfer tax.

To learn more about how the Kansas Association of REALTORS® is staying up late to protect the rights of property owners, contact Luke Bell, its Vice President of Governmental Affairs, at lbell@kansasrealtor.com or 785.633.6649 (cell).