

**2017 Legislative and Policy Priorities**

**DEPARTMENT OF REVENUE/TAXATION**

**Builder/Remodeler Definitions in Current Tax Law**

**BACKGROUND:**

Mississippi’s sales tax statutes generally include all installation charges associated with the sale of tangible personal property in the sales tax base. Currently, only certain services are taxable in Mississippi. In most cases, construction-related labor charges would not be taxable if not provided in conjunction with the sale of the underlying materials. Traditionally, problems have only arisen when contractors purchased and supplied the materials as part of a single billing arrangement. There is a grey area between statute and regulation on taxation, which is becoming an increasing issue for HBAM members.

**POSITION:**

HBAM is seeking an explanation on the “regulation” versus the “statute” on taxation for home repairs and new construction to help our members fully understand what is expected.

**Service Taxes**

**BACKGROUND**:

A legislative study committee looked at the tax structure over the summer/fall. Recently, the tax commission came out with possible recommendations, including changes to contractor taxes and taxes on services.

**POSITION:**

The Home Builders Association of Mississippi strongly opposes any move to increase service taxes for contractors, builders or our associates in the housing industry.

**LICENSURE**

**Residential Builder/Remodeler Licensure Clarification**

**POSITION:**

The Home Builders Association supports clarification for residential builder license language in current statute. HBAM plans to introduce legislation that requires a residential builder or remodeler to be properly licensed at the time of rendering services to bring legal action to seek full compensation for a project. This would not affect an unlicensed contractor’s ability to recover their cost.

**New Licensure Requirements for HVAC, Electrical and Gas Contractors**

**BACKGROUND:**

Safety and quality are two primary concerns for our home builder members. It is important for them to hire sub-contractors who are practicing the best methods for both safety concerns and quality standards.

**POSITION:**

The Home Builders Association of Mississippi would support licensure requirements for those subcontractors that affect safety, including HVAC, gas, mechanical and electrical work for residential construction.

**LOCAL/PRIVATE ISSUES**

**POSITION:**

Home Builders Association of Mississippi opposes hidden fees to home builders to achieve funding goals. Last year, HBAM defeated legislation (HB 131) that would allow any uniformed city employee to issue a citation for a zoning violation, building or safety code, housing or rental ordinance, sign ordinance or a property maintenance code. The legislation did not require the city to name a person in the citation and the citation can merely be fixed upon the property. The owner of record is the person presumed to be causing the violation regardless of who is responsible for the action.

**Historical Structure Preservation Tax Incentive**

**BACKGROUND:**

Mississippi's historic preservation tax incentive program was extended and increased for eligible projects under a bill passed during the legislative session. The incentives are used to help foster the rehabilitation of historic structures for residential or business purposes. Unfortunately, single family homes were carved out last year.

**POSITION:**

The Home Builders Association of Mississippi would support legislation to add residential homes back into the historical structure tax incentive program.

**First-Time Home Buyer Savings Account**

**POSITION:**

The Home Builders Association of Mississippi would support legislation that will be introduced by the Realtors Association for first-time home buyer savings accounts that can be used for saving funds for the purchase of homes by first-time home buyers. Money in the account is required to be used solely for the down payment and closing costs for the purchase of a home by a first-time home buyer. The ability to produce a hefty down payment is often a major hurdle for first-time homebuyers, particularly young people who are grappling with massive student loan debt. The issue has become a critical concern for members of the real estate community, who have noticed a steady decline in the number of first-time and young home buyers in the market

**MS Building Code**

The MS Building Code Council was set forth by statute to submit recommendations to the legislature for building code statute. Currently, the council is working to submit the recommendations by the December 1st deadline based on the 2015 published codes. There has been some concern surrounding adoption of energy codes due to ties with federal funding (specifically FEMA and FHA loans). The goal of the committee is to outline fair standard practices without causing competitive advantage issues.

**POSITION:**

Home builders are supportive of energy efficiency but the homes equipped with these features are often under-appraised based on the costs. The committee will continue working with the language and will submit the proposal by the December 1st deadline to the legislature.

**POLICY POSITION**

**USPS Issues**

The Home Builders Association of Mississippi (HBAM) is concerned with the enforcement of a policy that the United States Postal Service created in 2012. Right now, the issue has specific implications for isolated cases but could have a statewide impact if the issue is unresolved. The policy states that the USPS will no longer deliver mail to individual mailboxes in new subdivisions. Going forward it would only deliver to cluster mail boxes.

The new USPS policy contains many issues and unanswered questions that greatly impact the planning and construction phase of projects. The primary concern is the lack of communication, guidance and forewarning as it relates to compliance and projects that have already been approved!

**POSITION:**

HBAM seeks clarification and fair practice to ensure these rules are implemented properly. The association will seek both policy and legislative support to ensure the rule is implemented properly.