

# LET VOTERS DECIDE

308 EAST HIGH STREET  
SUITE 301  
JEFFERSON CITY, MO 65101

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November 11, 2011

## VIA FACSIMILE TRANSMISSION AND U.S. MAIL

Ms. Elizabeth Mendenhall  
Mr. Richard Mendenhall  
RE/MAX Boone Realty  
33 East Broadway, Suite 200  
Columbia, Missouri 65203  
Facsimile: (573) 442-1911

Mrs. Sharon Keating  
Mr. Larry Keating  
RE/MAX Jefferson City  
2316 St. Mary's Blvd.  
Jefferson City, Missouri 65109  
Facsimile: (573) 761-9952

RE: Missouri Taxpayer Relief Act

Dear Mr. and Ms. Mendenhall and Mr. and Mrs. Keating:

Please see the attached letter from our counsel, Marc Ellinger, regarding the currently approved for circulation versions of the Missouri Taxpayer Relief Act (Versions 10 through 13) and the communications between the realtors and Let Voters Decide.

I hope that we can at least sit down and discuss this matter and hopefully resolve any concerns you have regarding the Missouri Taxpayer Relief Act. I am available at your convenience to speak either by phone or in person and would be happy to bring our counsel with me if you would prefer to have both or either of us in attendance.

I appreciate the time and consideration you have done in the past in offering valuable changes and recommendations our initiatives and look forward to working with you as we go forward in this campaign to create a more vibrant economy in the State of Missouri.

Thank you very much for your time and attention to this matter.

Sincerely,

*Travis Brown*  
by *AB*

Travis Brown

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November 11, 2011

## VIA FACSIMILE TRANSMISSION AND U.S. MAIL

Travis Brown  
Pelopidas, LLC  
5297 Washington Place  
St. Louis, MO 63108

RE: Let Voters Decide – Missouri Realtor Contacts

Dear Travis:

You have requested I review our files and records regarding the contacts with the Missouri Association of Realtors and the amendments we made to Versions 10, 11, 12 and 13 of the Initiative Petitions we have filed with the Missouri Secretary of State regarding comprehensive tax reform in Missouri. Obviously I do not have access to communications internal from the Missouri Association of Realtors and their counsel; however, where commentary was received from their counsel, I am including it in this narrative on the basis and belief that the communications related to us by their counsel was the same as related to the Missouri Association of Realtors by the same counsel.

Our first meeting with the Missouri Association of Realtors occurred on April 15 at the offices of Stinson, Morrison & Hecker, counsel for Missouri Association of Realtors. At that meeting in attendance were Larry Keating and Sam Licklider, from the Missouri Association of Realtors, David Barklage, and Chuck Hatfield, counsel for the Missouri Association of Realtors. You, Carl Bearden and I attended on LVD's behalf. At the conclusion of that meeting there was a discussion about changing certain words and concerns in the language of the initiatives we had previously filed Versions 1a through 9a.

On May 2, 2011, we received an initial memo from Chuck Hatfield recommending some limited changes to the language we were currently using in Versions 1a through 9a. As you may recall, we were circulating those versions for comment amongst a number of parties and were in the process of developing new versions to be filed later in the summer. We received a memo on May 18, 2011, from Chuck Hatfield, outlining in more detail his proposed changes to the language in the Initiative Petition.

During the summer, we continued our contacts and communications with other parties regarding changes to the Initiative Petitions and the legal team engaged in a substantial period of rewrite and revision to those Petitions. On August 2, 2011, a meeting was held with David Barklage and Jared Craighead in St. Louis regarding revisions to the Initiative Petition, including our intent to go forward with a new set of filings and to withdraw Versions 1a through 9a, which had previously been approved for circulation by the Secretary of State. After that August 2, 2011, meeting, I had multiple communications with Chuck Hatfield ultimately leading to a meeting at my office on August 9, 2011 at 10:00 a.m.

During the August 9, 2011, meeting, Chuck and I reviewed the proposed language in Versions 10 and 11 to address the concerns raised by Mr. Hatfield. We made every change he had recommended in his memorandum from May and at that meeting he also suggested an additional change to add a reference to Article X, Section 25. We discussed that change and made that change also.

At the conclusion of that meeting, Mr. Hatfield indicated that the changes we had made and agreed upon satisfied him as to all his legal concerns with our measure and he believed that this would resolve this issue. We agreed that I would hand deliver a copy of the Initiative Petition to him prior to filing with the Secretary of State, which was done on August 12, 2011. On the same day Versions 10 and 11, including the express language recommended verbatim by Mr. Hatfield, were filed with the Secretary of State's Office.

On September 7, 2011, we withdrew Versions 1a through 9a from the Secretary of State's Office. Mr. Hatfield recommended that a joint order be entered in suit that he had filed (*Rogers v. Carnahan*) to ensure that Versions 1a through 9a could not be circulated in the future. We consented to that order. That order was entered and those Petitions, after being withdrawn, were formally closed out and that litigation was then concluded.

On September 2, we filed Versions 12 and 13 with the Secretary of State's Office. Copies were provided to Mr. Hatfield in advance of that filing and the language he had recommended remained unchanged in Versions 10 and 11 as agreed upon in our meetings in August.

On September 9, 2011, you sent a letter to Russ Cafano regarding withdrawals per our agreement, which resolved all the concerns the realtors had ever raised with us regarding the Initiative Petitions.

In later conversation with counsel, there was surprise that based upon the full agreement to use all of Missouri Association of Realtors' language that opposition in court would continue on the versions (10-13) that included all the proposed changes, corrections and clarifications that had been requested by the Missouri Association of Realtors and their counsel, Chuck Hatfield.

As it currently stands, there is no process to compel the Missouri Association of Realtors to follow their prior agreements with respect to the language that was changed. Certainly, we cannot go to court and enforce or dismiss the suits simply based on the fact that we cooperated entirely with their recommended changes and made them verbatim. The clear

intent of the changes we made, the long process we went through with Mr. Hatfield, with other parties representing the Missouri Association of Realtors, and the verbatim inclusion of their words and proposed changes to the initiatives, was to cooperate with the realtors and work on developing a product that if they could not support at least they would not have any opposition to.

The current versions of the Initiative Petition include express protection for real estate and real estate transactions. Specifically, under each version of the Petition, Article X, Section 1(f)(4) exempts from the replacement tax:

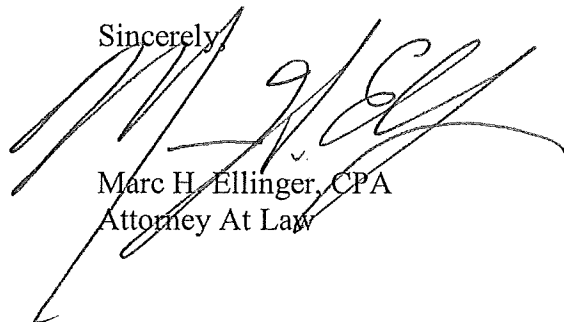
Sales, leases, or rents of real property, including all fees, charges or commissions, resulting directly or indirectly from the sale, lease or rent of the real property.

This language expressly exempts such services, sales or transactions from being taxed under the tax proposed under the Initiative Petitions. Mr. Hatfield also recommended a change to Section 1(g)(3) which was also made pursuant to his request and the definition for professional services was also amended to make sure that real estate agents, real brokers and real estate appraisers would not be taxed for any services they offered to consumers. Finally, in Section 1(i) it was agreed to include a reference to Section 25 of Article X to ensure that local governments would not tax the same transaction expressly exempted and excluded from our measure with respect to real estate services.

In conclusion, the real estate industry is expressly protected under our measure. An express exemption of real estate transactions including rentals has been placed in our amendment and would be rooted in the Missouri Constitution. The language recommended by counsel for the realtors has been fully and completely included in each of our measures. The effect of the passage of our measure would further strengthen the protections initially enacted by voters in Amendment 3 in 2010. Finally, no tax could be imposed in any manner upon such transactions without voters re-amending the Constitution, an occurrence which I believe to be highly unlikely based upon the track record of Amendment 3 and the express language we have added to our initiatives.

If you have other questions regarding this matter, and the communications with the Association of Realtors and their counsel, please do not hesitate to contact me.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'M. Ellinger', is written over the typed name and title.

Marc H. Ellinger, CPA  
Attorney At Law

MHE:krw