

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 30, 2009

TO: Honorable Edmund Kuempel, Chair, House Committee on Licensing & Administrative Procedures

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1406 by Geren (Relating to practices and professions regulated by the Texas Real Estate Commission.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1406, Committee Report 1st House, Substituted: a positive impact of \$291,000 through the biennium ending August 31, 2011.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$139,000
2011	\$152,000
2012	(\$728,000)
2013	(\$904,000)
2014	(\$904,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>Real Estate Trust Account</i> 969
2010	\$139,000	\$0
2011	\$152,000	\$0
2012	(\$728,000)	\$880,000
2013	(\$904,000)	\$1,056,000
2014	(\$904,000)	\$1,056,000

Fiscal Analysis

The bill would amend the Occupations Code, relating to practices and professions regulated by the Texas Real Estate Commission (TREC). The bill would clarify that TREC could collect fees in amounts reasonable and necessary to cover the costs of administering and implementing the provisions of Chapter 1101 of the Code regarding real estate brokers and salespersons. The bill would specify that from the \$200 fee for an individual brokers license, the \$50 share deposited to Foundation School Fund 0193 would be unchanged; the General Revenue Fund 0001 share would be reduced from \$150 to \$100; and the remaining \$50 would be deposited to the credit of Texas A&M University in a separate banking account that could be appropriated only to support, maintain, and carry out the purposes, objectives, and duties of Texas Real Estate Research Center. The bill would increase the fee for a salesperson license from \$17.50 to \$20. The bill would amend the Property Code, regarding

timeshare properties, directing TREC to authorize the State Office of Administrative Hearings to conduct hearings in contested cases and for disciplinary proceedings, and allowing TREC to establish fees for forms and documents.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2009.

Methodology

According to the Comptroller of Public Accounts, data for estimating the bill's fiscal impact were provided by TREC. The reallocation of individual broker license fee revenue would reduce allocations to the General Revenue Fund, and create a new equal allocation to a Texas A&M University local fund. The fee increase for a salesperson license would be a small gain to the General Revenue Fund.

Pursuant to Article 7, Sec. 3a, Texas Constitution, one-fourth of state occupation taxes are allocated to public free schools. The current language in the occupations code, 1101.153(b) states that \$50 (or one-fourth) of the current \$200 fee goes to the Foundation School Fund; the remainder to General Revenue. The bill's provisions appear to conform to Article 7, Sec. 3a, regarding public schools. This analysis assumes the remainder of the fee may be deposited to locations other than General Revenue.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature

Based on the analysis of the State Office of Administrative Hearings, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Technology

According to the analysis provided TREC, computer programming will need to be completed by staff to change the fee rates and accounting codes in all the applicable programs. Based on the analysis provided by TREC, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 329 Real Estate Commission, 360 State Office of Administrative Hearings, 710 Texas A&M University System Administrative and General Offices

LBB Staff: JOB, JRO, MW, NV