

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 14, 2009**

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

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

**IN RE: HB3738** by Isett (Relating to requirements for correspondence courses for licensing as a real estate broker, salesperson, or inspector.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3738, As Introduced: an impact of \$0 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	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2009
2010	(\$339,297)	\$339,297	4.0
2011	(\$192,327)	\$192,327	4.0
2012	(\$192,327)	\$192,327	4.0
2013	(\$192,327)	\$192,327	4.0
2014	(\$192,327)	\$192,327	4.0

**Fiscal Analysis**

This bill would amend the Occupations Code relating to requirements for correspondence courses for licensing as a real estate broker, salesperson, or inspector. The bill would require registration of all educational institutions offering correspondence courses for Texas Real Estate Commission (TREC) credit. These provisions would apply to both real estate sales/broker licenses and inspector licenses. The bill would establish requirements regarding security of courses and examinations and advertising and recruiting requirements for institutions offering correspondence courses. The bill would also require institutions offering correspondence courses to maintain a 55 percent or higher passage rate on the agency's licensing examinations in order to renew their certificates of registration.

This bill would take effect September 1, 2009

### **Methodology**

For the purposes of this analysis, TREC estimates it could receive 552 applications for original registration and registration renewal. This estimate is based on an average of 4 correspondence courses offered by each of the 138 colleges and universities in the State of Texas. To implement the provisions of this bill TREC estimates it would need 4 additional FTEs which include a Program Administrator, 2 Administrative Assistants IV, and an Administrative Assistant II. It is assumed that in addition to the office space for the 4 FTEs, TREC will require 100 square feet of office space to store the library of textbooks. TREC assumes that additional lease space will be available at the current location at the current rate of \$16.85 per square foot annually.

Based on the analysis of the agency, it is assumed that TREC would adjust license fees to cover any additional costs associated with the implementation of the bill.

### **Technology**

The agency estimates technology costs would total \$123,970 for FY 2010. This estimates includes a contract programmer for 36 weeks in FY2010 to program the computer system for the registration program. In addition, the 4 new FTEs would require computer hardware and software.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 329 Real Estate Commission

**LBB Staff:** JOB, JRO, MW, NV