

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION
Revision 1

May 17, 2011

TO: Honorable Mike Hamilton, Chair, House Committee on Licensing & Administrative Procedures

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

IN RE: SB1000 by Eltife (Relating to self-directed and semi-independent status of the Texas Real Estate Commission; making an appropriation.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1000, Committee Report 2nd House, Substituted: a positive impact of \$2,611,076 through the biennium ending August 31, 2013.

Appropriations:

Fiscal Year	Appropriation out of <i>General Revenue Fund</i> 1
2012	\$3,813,736
2013	\$3,813,736

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$1,307,038
2013	\$1,304,038
2014	\$1,173,038
2015	\$1,171,038
2016	\$1,171,038

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1
2012	\$5,315,302	\$5,273,736	(\$9,282,000)
2013	\$5,315,302	\$5,273,736	(\$9,285,000)
2014	\$9,129,038	\$1,335,000	(\$9,291,000)
2015	\$9,129,038	\$1,335,000	(\$9,293,000)
2016	\$9,129,038	\$1,335,000	(\$9,293,000)

Fiscal Year	Change in Number of State Employees from FY 2011
2012	(99.0)
2013	(99.0)
2014	(99.0)
2015	(99.0)
2016	(99.0)

Fiscal Analysis

The bill would amend the Occupations Code relating to self-directed and semi-independent status of the Texas Real Estate Commission and make an appropriation. The bill would allow the Texas Real Estate Commission (TREC) to become self-directed and semi-independent.

The bill would require that all money paid to the TREC be retained by the agency and deposited into accounts held by the Texas Treasury Safekeeping Trust Company (TTSTC), with the exception of fees collected under Section 1101.153(b)(2) and (c)(3) regarding an individual broker license, which would continue being deposited to the state treasury. Money in the TTSTC accounts could be used only for the administration of the business of the TREC, and to pay the expenses of the agency. No expense incurred by TREC would be allowed to be charged against the General Revenue Fund. TREC would adopt budgets using generally accepted accounting principles for fiscal years conforming to the state's fiscal year, and make annual reports of agency receipts and expenditures.

The bill would require TREC to annually deposit \$750,000 to the General Revenue Fund. In addition, TREC would be required to annually remit, as nonrefundable retainers for deposit to the General Revenue Fund, a minimum of \$10,000 to the State Auditor's Office, a minimum of \$75,000 to the Office of the Attorney General, and a minimum of \$75,000 to the State Office of Administrative Hearings. TREC would be required to relocate to a state-owned office no later than September 1, 2011, and pay rent in a reasonable amount as determined by the Texas Facilities Commission, but not less than \$550,000 in fiscal year 2012 and 2013 and \$425,000 in fiscal years 2014-2016.

The bill would require TREC, in the fiscal year ending August 31, 2012, be appropriated out of the General Revenue Fund an amount equal to 50 percent of the amount appropriated to TREC from Fund 001 for fiscal year 2011. TREC would be required to repay these funds to the General Revenue Fund no later than August 31, 2012, or as soon as they become available.

The bill would require TREC, in the fiscal year ending August 31, 2013, be appropriated out of the General Revenue Fund an amount equal to 50 percent of the amount appropriated to TREC from the General Revenue Fund for fiscal year 2011. TREC would be required to repay these funds to the General Revenue Fund no later than August 31, 2013, or as soon as they become available.

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.

This bill would take effect September 1, 2011.

Methodology

For the purposes of this analysis, the Comptroller's 2012-13 Biennial Revenue Estimate was used to estimate the revenue impacts of the bill. The bill would appropriate 50 percent of the amount from the General Revenue Fund appropriated to TREC for fiscal year 2011, which was \$3,813,736. For the purposes of this analysis, amounts appropriated in fiscal year 2011 in the General Appropriations Act were used with adjustments for required reductions in that year. Under the provisions of the bill, this amount would be appropriated to TREC in each year of the 2012-13 biennium. Based on the provisions of the bill, it is assumed that these amounts would be repaid entirely in each respective

fiscal year in which the appropriation was made. Similarly, the adjusted amounts for fiscal year 2011 were also used to estimate savings reflected in the table above for the purposes of this analysis.

Under current law, starting September 1, 2011, the \$200 fee collected by TREC would be delegated as; \$100 deposited to the General Revenue Fund, \$50 deposited to GR Account 0193 - Foundation School, and \$50 transmitted to Texas A&M University. Based on the analysis of the Comptroller of Public Accounts, the bill would not change these allocations. Accordingly, this analysis does not consider any revenue losses related to the \$200 fee and none are reflected in the table above.

Under current law, TREC deposits collected revenue to the General Revenue Fund, GR Account 0028 - Appraisal Registry, Fund 0969 - Real Estate Fee Trust Account, Fund 0971 - Real Estate Recovery Trust Account, and Fund 0988 - Real Estate Inspection Recovery Trust Fund. For the purposes of this analysis, it is assumed that money paid to TREC would be retained by the agency and deposited into accounts held by the Texas Treasury Safekeeping Trust Company, with the exception of fees collected under Sections 1101.153(b)(2) and (c)(3) which would continue to be deposited to the state treasury. Revenue losses from licensing fees currently deposited to the credit of the General Revenue Fund (excluding the \$200 fee mentioned above) that would no longer be deposited to the credit of that fund are estimated to total approximately \$9.3 million each year.

Based on the analysis of the Comptroller of Public Accounts, it is assumed that revenue gains in the amount of \$750,000 would be deposited each year to the credit of the General Revenue Fund in addition to \$160,000 that would also be annually be remitted to the General Revenue Fund as nonrefundable retainers under the provisions of the bill. This would include \$10,000 for the State Auditor's Office, \$75,000 for the Office of the Attorney General and \$75,000 for the State Office of Administrative Hearings. In addition, it is also assumed that an amount of no less than \$550,000 in fiscal years 2012 and 2013 and \$425,000 in each fiscal year from 2014-2016 would be deposited to the credit of the General Revenue Fund as required by the bill to pay rent in a reasonable amount as determined by the Texas Facilities Commission. Summarily, revenue gains would be anticipated in the amount of approximately \$5.3 million in fiscal years 2012 and 2013 respectively and \$1.3 million in each subsequent year through 2016.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 329 Real Estate Commission, 302 Office of the Attorney General, 308 State Auditor's Office, 360 State Office of Administrative Hearings

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