

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 18, 2015

TO: Honorable Wayne Smith, Chair, House Committee on Licensing & Administrative Procedures

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1918 by Kuempel (Relating to the Texas Real Estate Commission and the regulation of certain real estate professionals; increasing a fee; authorizing a fee.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1918, As Introduced: an impact of \$0 through the biennium ending August 31, 2017.

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
2016	\$0
2017	\$0
2018	(\$4,081,250)
2019	(\$4,081,250)
2020	(\$4,081,250)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from Foundation School Fund 193	Probable Revenue Gain/(Loss) from Real Estate Inspection Trust 988	Probable Revenue Gain/(Loss) from Local/Not Appropriated Funds 8888
2016	\$0	\$0	(\$52,450)	\$1,360,250
2017	\$0	\$0	(\$52,450)	\$1,360,250
2018	(\$2,721,000)	(\$1,360,250)	(\$52,450)	\$0
2019	(\$2,721,000)	(\$1,360,250)	(\$52,450)	\$0
2020	(\$2,721,000)	(\$1,360,250)	(\$52,450)	\$0

Fiscal Analysis

The bill would amend the Occupations Code relating to the Texas Real Estate Commission and the

regulation of certain real estate professionals; increasing a fee; authorizing a fee.

The bill would amend Section 1105.003 of the Occupations Code by setting an expiration date of September 1, 2017 for the \$200 professional fee collected under the Occupations Code and would also amend Section 1101.154 of the Occupations Code by increasing the broker license additional fee for the Texas Real Estate Research Center from \$20 to \$70 per year. The bill would also repeal the \$50 certificate and renewal fee collected under Section 1101.603 of the Occupations Code.

This bill takes effect September 1, 2015.

Methodology

Currently, amounts collected from the \$200 professional fee are distributed in the following manner: 50 percent is deposited to the credit of General Revenue Fund 1, 25 percent is deposited to the credit of the Foundation School Fund 193, and 25 percent is deposited to the credit of the Texas A&M Real Estate Center (8888 Local/Not Appropriated Funds).

Based on information provided by the Comptroller of Public Accounts and the Real Estate Commission, the bill would result in a loss of \$2.7 million to General Revenue Fund 1, a \$1.4 million loss to the Foundation School Fund, and a \$1.4 million loss to the Texas A&M Real Estate Center. The loss to the Texas A&M Real Estate Center would be offset by the \$50 fee increase to the broker license additional fee for the Texas Real Estate Research Center. As a result, it is estimated that the Texas Real Estate Research Center would gain approximately \$1.4 million per year in funding in fiscal years 2016 and 2017. The combined effect of these two offsetting changes is that funding for the Texas Real Estate Research Center will return to the level authorized by the current statute on September 1, 2017. The repeal of the \$50 certificate and renewal fee would result in a revenue decrease to the Real Estate Trust Recovery Account totaling approximately \$52,450 each year. This is based on an estimated 2,098 certificates issued with a two-year renewal cycle.

Based on information provided by the Real Estate Commission, Office of the Attorney General, and the State Office of Administrative Hearings, it is assumed that all duties and responsibilities necessary to implement the provisions of the bill could be accomplished within existing staff and resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

LBB Staff: UP, CL, NV, ER, TBo