

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 22, 2019

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: **SB624** by Nichols (Relating to the continuation and functions of the Texas Real Estate Commission and the Texas Appraiser Licensing and Certification Board; changing fees.),
Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for SB624, Committee Report 1st House, Substituted: a positive impact of \$36,000 through the biennium ending August 31, 2021.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	\$18,000
2021	\$18,000
2022	\$18,000
2023	\$18,000
2024	\$18,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>General Revenue Fund</i> 1
2020	\$18,000
2021	\$18,000
2022	\$18,000
2023	\$18,000
2024	\$18,000

Fiscal Analysis

The bill would amend Title 7, Subtitle A of the Occupations Code, regarding professions related to real estate, to implement Sunset Commission recommendations and extend the existence of the Texas Real Estate Commission (TREC) and the Texas Appraiser Licensing and Certification Board (TALCB) through September 1, 2025 in accordance with the Texas Sunset Act.

The bill would update TREC and TALCB's rules and requirements regarding training, complaints, education, reporting, and dispute resolution. The bill would authorize the denial of license renewals for violations.

The bill would eliminate requirements that branch offices be licensed and that instructors of real estate courses be approved by TREC, as well as the requirement that a person be a resident of Texas to be eligible to obtain a real estate broker or agent license. The bill would require TALCB to remit administrative penalties related to real estate appraisers to the Comptroller's Office to be deposited in the General Revenue Fund. The bill would eliminate TREC and TALCB's ability to purchase, construct, or sell property.

The bill would eliminate the requirements that TREC and TALCB remit nonrefundable retainers of at least \$10,000 to the State Auditor's Office (SAO), and at least \$75,000 to the Office of the Attorney General (OAG) and the State Office of Administrative Hearings (SOAH). TREC and TALCB would be required to reimburse SAO, OAG, and SOAH for all costs incurred for performing audits, attorney's fees, and costs incurred conducting hearings, respectively.

The bill would take effect September 1, 2019.

Methodology

According to TREC, the elimination of branch office and instructor application fees would result in a loss of revenue of approximately \$227,000 annually. As a self-directed, semi-independent agency, TREC is required to set fees in an amount to cover operations and any change in revenue would have no fiscal impact to the General Revenue Fund.

TALCB collects approximately \$18,000 in administrative penalties annually which the bill would require be remitted to the General Revenue Fund resulting in a positive fiscal impact of approximately \$18,000 to General Revenue per fiscal year.

The elimination of the retainers requirement for SAO, OAG, and SOAH could result in a decrease of revenue collected by those agencies. According to the Comptroller's Office, currently, the retainers paid exceed the costs of services on occasion; however, the reduction would depend on future services performed. The fiscal impact cannot be estimated at this time but is not expected to be significant because TREC and TALCB would be required to reimburse the agencies for costs incurred.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 329 Real Estate Commission, 360 State Office of Administrative Hearings, 212 Office of Court Administration, Texas Judicial Council

LBB Staff: WP, LBO, SD, AF, JPo, GP, CLo, SGr, DFR