

BILL ANALYSIS

S.B. 1712
By: Perry
Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Real Estate License Act requires individuals to possess a real estate license in order to act on another person's behalf in a real estate transaction. However, individuals are specifically exempt from the requirement to have a real estate license if they are purchasing or selling property on their own behalf. Unfortunately, the Texas Real Estate Commission has interpreted current law to mean that limited partnerships (LP) and limited liability companies (LLC) are not able to buy and sell their own property because it would require one partner or member to act on behalf of the LP or LLC. S.B. 1712 seeks to exempt LPs and LLCs from the requirement to have a real estate license to purchase, sell, or lease real property and thereby allow small businesses to more efficiently operate without the need to hire a real estate agent to complete their transactions.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 1712 amends the Occupations Code to exempt the following from The Real Estate License Act:

- the purchase, sale, or lease of real property for a limited partnership (LP) by:
 - a general partner of the LP;
 - an employee of a general partner of the LP who negotiates the transaction in the course of employment; or
 - an employee of the LP who negotiates the transaction in the course of employment; and
- the purchase, sale, or lease of real property for a limited liability company (LLC) by:
 - a manager or managing member of the LLC;
 - an employee of a manager or managing member of the LLC who negotiates the transaction in the course of employment; or
 - an employee or member of the LLC who negotiates the transaction in the course of employment.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.