

Department of Legislative Services  
Maryland General Assembly  
2016 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 936 (Delegate Jacobs, *et al.*)  
Economic Matters

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Real Estate Brokers - Licensing - Continuing Education Requirements

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This bill exempts an individual who has been a licensed real estate broker for at least 40 years from most continuing education requirements *except* the requirement to complete, once every two years, a 3-clock-hour course that outlines relevant changes that have occurred in federal, State, or local laws and regulations, court cases, and industry trends that have an impact on those laws and regulations, or any combination thereof.

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Fiscal Summary

**State Effect:** Special fund expenditures for the Department of Labor, Licensing, and Regulation (DLLR) increase by \$8,000 in FY 2017 for programming expenses and further increase minimally beginning in FY 2017 for DLLR staff to verify eligibility for reduced continuing education requirements under the bill. Revenues are not affected.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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Analysis

**Current Law:** Generally, each individual licensed by the State Real Estate Commission as an associate real estate broker, real estate broker, or real estate salesperson must complete 15 clock hours of continuing education every two years in order to qualify for license renewal. Licenses must be renewed every two years. Generally, a licensee required to complete 15 hours per renewal must complete at least:

- every two years, a 3-clock-hour course that outlines relevant changes that have occurred in federal, State, or local laws and regulations, court cases, and industry trends that have an impact on those laws and regulations, or any combination thereof;
- every two years, a 1.5-clock-hour course that outlines federal, State, and local fair housing laws and regulations;
- every two years, a 3-clock-hour ethics course that includes the Maryland Code of Ethics and a discussion of the practices of flipping and predatory lending; and
- every two years, a 3-clock-hour course on the principles of agency and agency disclosure.

In addition, a real estate broker and a licensee designated as a branch office manager or a team leader must complete a 3-clock-hour course on the requirements of broker supervision every two years.

**Background:** DLLR advises that it cannot quantify the number of individuals who qualify for reduced continuing education requirements under the bill because its records do not extend back 40 years. There are approximately 4,400 licensed real estate brokers in the State.

**State Expenditures:** Assuming DLLR implements the bill by altering its electronic licensing system to incorporate the change to continuing education requirements, special fund expenditures for DLLR increase by \$8,000 in fiscal 2017 for programming expenses.

Real estate brokers who have been licensed for at least 40 years would have first been licensed in 1976 or earlier, but DLLR's electronic records for real estate brokers do not go back farther than 1982; any verification of a licensee's experience from an earlier date requires manual verification of records, which may require DLLR staff resources to be allocated. Therefore, DLLR special fund expenditures further increase minimally beginning in fiscal 2017 to manually verify eligibility under the bill.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Labor, Licensing, and Regulation; Department of Legislative Services

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