

MARYLAND REGISTER

Proposed Action on Regulations

Transmittal Sheet PROPOSED OR REPROPOSED Actions on Regulations	Date Filed with AELR Committee	TO BE COMPLETED BY DSD
	09/14/2015	Date Filed with Division of State Documents
		Document Number
		Date of Publication in MD Register

1. Desired date of publication in Maryland Register: 10/16/2015

2. COMAR Codification

Title Subtitle Chapter Regulation

09 11 09 .02

3. Name of Promulgating Authority

Department of Labor, Licensing, and Regulation

4. Name of Regulations Coordinator Telephone Number

Jessica V Carter 410-230-6112

Mailing Address

500 N. Calvert Street, Suite 406

City State Zip Code
Baltimore MD 21202

Email

jessica.carter1@maryland.gov

5. Name of Person to Call About this Document Telephone No.

Brian Weeks 410-230-6359

Email Address

brianp.weeks@maryland.gov

6. Check applicable items:

- New Regulations
- Amendments to Existing Regulations
 - Date when existing text was downloaded from COMAR online: 9.10.15.
- Repeal of Existing Regulations
- Recodification
- Incorporation by Reference of Documents Requiring DSD Approval
- Reproposal of Substantively Different Text:

: Md. R
 (vol.) (issue) (page nos) (date)

Under Maryland Register docket no.: --P.

7. Is there emergency text which is identical to this proposal:

- Yes No

8. Incorporation by Reference

Check if applicable: Incorporation by Reference (IBR) approval form(s) attached and 18 copies of documents proposed for incorporation submitted to DSD. (Submit 18 paper copies of IBR document to DSD and one copy to AELR.)

9. Public Body - Open Meeting

- OPTIONAL - If promulgating authority is a public body, check to include a sentence in the Notice of Proposed Action that proposed action was considered at an open meeting held pursuant to State Government Article, §10-506(c), Annotated Code of Maryland.
- OPTIONAL - If promulgating authority is a public body, check to include a paragraph that final action will be considered at an open meeting.

10. Children's Environmental Health and Protection

Check if the system should send a copy of the proposal to the Children's Environmental Health and Protection Advisory Council.

11. Certificate of Authorized Officer

I certify that the attached document is in compliance with the Administrative Procedure Act. I also certify that the attached text has been approved for legality by Jessica Carter, Assistant Attorney General, (telephone #410-230-6112) on September 14, 2015. A written copy of the approval is on file at this agency.

Name of Authorized Officer

Kathie Connelly

Title

Executive Director, Real Estate Commission

Telephone No.

410-230-6227

Date

September 14, 2015

Title 09
DEPARTMENT OF LABOR, LICENSING, AND
REGULATION

Subtitle 11 REAL ESTATE COMMISSION

09.11.09 Fees

Authority: Business Occupations and Professions Article, §17-213; Business Regulation Article, §2-106.4; Annotated Code of Maryland

Notice of Proposed Action

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The Real Estate Commission proposes to amend Regulation .02 under COMAR 09.11.09 Fees.

This action was considered at a public meeting held on September 14, 2015, notice of which was given by publication on September 10, 2015 and September 11, 2015 in the Daily Record and by posting notice on the agency website, pursuant to General Provisions Article, §3-302(c), Annotated Code of Maryland.

Statement of Purpose

The purpose of this action is to reduce the amount charged by the Real Estate Commission for original license fees and license renewal fees for real estate brokers, associate brokers, and salespeople.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

I. Summary of Economic Impact.

The reduction in fees is expected to lead to an estimated \$238,192 reduction in annual revenue for the Real Estate Commission in FY16, and an estimated \$535,408 reduction in annual revenue in FY17. However, the reduction is not expected to reduce revenues below expenditures on a going-forward basis.

II. Types of Economic Impact.	Revenue (R+/R-) Expenditure (E+/E-)	Magnitude
<hr/>		
A. On issuing agency:		
(1) Reduction in Salesperson Fee (original)	(R-)	\$60,490 in each of FY16 and FY17

(2) Reduction in Associate Broker Fee (original)	(R-)	\$3,930 in each of FY16 and FY17
(3) Reduction in Broker Fee (original)	(R-)	\$3,600 in each of FY16 and FY17
(4) Reduction in Salesperson Fee (renewal)	(R-)	\$138,096 in FY16, \$385,848 in FY17
(5) Reduction in Associate Broker Fee (renewal)	(R-)	\$13,518 in FY16, \$35,442 in FY17
(6) Reduction in Broker Fee (renewal)	(R-)	\$18,558 in FY16, \$46,098 in FY17
B. On other State agencies:	NONE	
C. On local governments:	NONE	

Benefit (+)	Magnitude
Cost (-)	

D. On regulated industries or trade groups:

(1) Reduction in Salesperson Fee (original)	(+)	\$60,490 in each of FY16 and FY17
(2) Reduction in Associate Broker Fee (original)	(+)	\$3,930 in each of FY16 and FY17
(3) Reduction in Broker Fee (original)	(+)	\$3,600 in each of FY16 and FY17
(4) Reduction in Salesperson Fee (renewal)	(+)	\$138,096 in FY16, \$385,848 in FY17
(5) Reduction in Associate Broker Fee (renewal)	(+)	\$13,518 in FY16, \$35,442 in FY17
(6) Reduction in Broker Fee (renewal)	(+)	\$18,558 in FY16, \$46,098 in FY17

E. On other industries or trade groups: NONE

F. Direct and indirect effects on public: NONE

III. Assumptions. (Identified by Impact Letter and Number from Section II.)

A(1). 3,025 salesperson licenses expected to be issued in FY16 and FY17

A(2). 197 associate broker licenses expected to be issued in FY16 and FY17

A(3). 181 broker licenses expected to be issued in FY16 and FY17

A(4). 6,905 salesperson licenses renewed in FY16, 19,292 renewed in FY17

A(5). 676 associate broker licenses renewed in FY16, 1,772 renewed in FY17

A(6). 928 broker licenses renewed in FY16, 2,305 renewed in FY17

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Economic Impact on Small Businesses

The proposed action has a meaningful economic impact on small business. An analysis of this economic impact follows.

The impact on small businesses is meaningful. Most licensees are independent contractors, so they are small businesses. Approximately 39,000 licensees will be positively affected by paying lower fees in order to obtain and renew their licenses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Kathie Connelly, Executive Director, Real Estate Commission, 500 North Calvert Street, 3rd Floor, Baltimore, MD, 21202, or call 410-230-6227, or email to kathie.connelly@maryland.gov, or fax to 410-333-0023. Comments will be accepted through November 16, 2015. A public hearing has not been scheduled.

Economic Impact Statement Part C

- A. Fiscal Year in which regulations will become effective: FY 16
- B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?
Yes
- C. If 'yes', state whether general, special (exact name), or federal funds will be used:
Special (Real Estate Commission Fund)
- D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:
- E. If these regulations have no economic impact under Part A, indicate reason briefly:

F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.

G. Small Business Worksheet:

1a. Intended Beneficiaries. Who are the intended beneficiaries of the proposed regulation? Are these intended beneficiaries primarily households or businesses? The intended beneficiaries are licensed real estate brokers, associate brokers, and salespersons. They are primarily businesses.

1b. Intended Beneficiaries: Households. If households are the primary intended beneficiaries, will the proposal affect their income or purchasing power such that the volume or patterns of their consumer spending will change? If so, what directions of change would you anticipate? Will these expected spending changes have a disproportionate impact on small businesses? Can you descriptively identify the industries or types of business activities that are impacted?

N/A

1c. Intended Beneficiaries: Businesses. If businesses are the intended beneficiaries, identify the businesses by industry or by types of business activities. How will businesses be impacted? Are these Maryland establishments disproportionately small businesses? If so, how will these Maryland small businesses be affected? Can you identify or estimate the present number of small businesses affected? Can you estimate the present total payroll or total employment of small businesses affected?

The businesses are in the real estate industry. The licensees are impacted by having to pay lower fees. Most licensees are independent contractors, so they are small businesses. They will be affected by paying lower fees to obtain and renew their licenses. Approximately 39,000 licensees will be affected. We are unable to estimate the total payroll or employment.

2a. Other Direct or Indirect Impacts: Adverse. Businesses may not be the intended beneficiaries of the proposal. Instead, the proposal may direct or otherwise cause businesses to incur additional expenses of doing business in Maryland. Does this proposal require Maryland businesses to respond in such a fashion that they will incur additional work-time costs or monetary costs in order to comply? Describe how Maryland establishments may be adversely affected. Will Maryland small businesses bear a disproportionate financial burden or suffer consequences that affect their ability to compete? Can you estimate the possible number of Maryland small businesses adversely affected? (Note that small business compliance costs in the area of regulation are the sum of out-of-pocket (cash) costs plus time costs — usually expressed as payroll, akin to calculations for legislative fiscal notes. Precise compliance costs may be difficult to estimate, but the general nature of procedures that businesses must accomplish to comply can be described.)

No businesses will be adversely affected.

2b. Other Direct or Indirect Impacts: Positive. Maryland businesses may positively benefit by means other than or in addition to changed consumer spending patterns. How may Maryland businesses be positively impacted by this initiative? Will Maryland small businesses share proportionately or disproportionately in these gains? Can you

estimate the possible number of Maryland small businesses positively affected? Maryland businesses will be positively affected by having to pay lower fees.

3. Long-Term Impacts. There are instances where the longer run economic impact effect from regulations differ significantly from immediate impact. For example, regulations may impose immediate burdens on Maryland small businesses to comply, but the overall restructuring of the industry as a consequence of monitoring and compliance may provide offsetting benefits to the affected small businesses in subsequent years. Can you identify any long run economic impact effects on Maryland small businesses that over time (a) may compound or further aggravate the initial economic impact described above, or (b) may mitigate or offset the initial economic impact described above?

There are no long-term impacts.

4. Estimates of Economic Impact. State Government Article, §2-1505.2 requires that an agency include estimates, as appropriate, directly relating to: (1) cost of providing goods and services; (2) effect on the work force; (3) effect on the cost of housing; (4) efficiency in production and marketing; (5) capital investment, taxation, competition, and economic development; and (6) consumer choice.

To the extent that lower fees remove barriers to entering the real estate profession, more individuals may become licensees.

Attached Document:

Title 09 DEPARTMENT OF LABOR, LICENSING, AND REGULATION

Subtitle 11 REAL ESTATE COMMISSION

Chapter 09 Fees

Authority: Business Occupations and Professions Article, §17-213; Business Regulation Article, §2-106.4; Annotated Code of Maryland

.02 Schedule of Fees.

Fees charged by the Commission are as follows:

A. (text unchanged)

- (1) Broker—[\$210] *\$190*;
- (2) Associate broker—[\$150] *\$130*;
- (3) Salesperson—[\$110] *\$90*;

B. (text unchanged)

- (1) Broker—[\$190] *\$170*;
- (2) Associate broker—[\$130] *\$110*;
- (3) Salesperson—[\$90] *\$70*;

C.—I. (text unchanged)

KATHIE CONNELLY
Executive Director

Real Estate Commission