

MARYLAND REGISTER

# Proposed Action on Regulations

<b>Transmittal Sheet</b>  <b>PROPOSED OR REPROPOSED</b>  <b>Actions on Regulations</b>	<b>Date Filed with AELR Committee</b>	<b>TO BE COMPLETED BY DSD</b>
	05/20/2016	Date Filed with Division of State Documents
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1. Desired date of publication in Maryland Register: 6/24/2016

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**  
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**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 May 4, 2016, notice of which was given 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 license reactivation fees and eliminate the fee charged for a duplicate license.

**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 \$15,225 reduction in annual revenue for the Real Estate Commission.

**II. Types of Economic Impact.**

	Revenue (R+/R-)	
	Expenditure (E+/E-)	Magnitude
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A. On issuing agency:		
(1) Reduction of reactivation fee amount	(R-)	~\$15,075.00
(2) Elimination of duplicate license fee	(R-)	~\$150.00
B. On other State agencies:	NONE	
C. On local governments:	NONE	

	Benefit (+) Cost (-)	Magnitude
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D. On regulated industries or trade groups:		
(1) Reduction of reactivation fee amount	(+)	~\$15,075.00
(2) Elimination of duplicate license fee	(+)	~\$150.00
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). Total revenue of \$30,150 attributable to this fee in FY15.  $\$30,150 \times 0.5 = \$15,075$

A(2). 6 duplicate license fees paid during FY15.  $6 \times \$25 = \$150$

D(1). Total revenue of \$30,150 attributable to this fee in FY15.  $\$30,150 \times 0.5 = \$15,075$

D(2). 6 duplicate license fees paid during FY15.  $6 \times \$25 = \$150$

**Economic Impact on Small Businesses**

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

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 have their license reactivated and no fee to obtain a duplicate license. Approximately 609 licensees will be affected.

**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, Baltimore, MD, 21202, or call 410-230-6227, or email to [kathie.connelly@maryland.gov](mailto:kathie.connelly@maryland.gov), or fax to 410-333-0023. Comments will be accepted through August 8, 2016. A public hearing has not been scheduled.

**Economic Impact Statement Part C**

A. Fiscal Year in which regulations will become effective: FY 17

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 have their license reactivated and no fee to obtain a duplicate license. Approximately 609 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:

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## **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.—B. (text unchanged)

C. Reactivation of inactive license — [\$50] \$25;

D.—G. (text unchanged)  
[H. Duplicate license/pocket card — \$25;]  
[I.] *H.* (text unchanged)

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Real Estate Commission