

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Revised

Senate Bill 360 (Senator Della)

Economic and Environmental Affairs

Real Estate Brokers - Continuing Education

This bill alters the licensing requirement for a real estate salesperson license. Under current law, an applicant for a real estate salesperson license must complete a basic course in real estate approved by the State Real Estate Commission. The bill provides that the approved course cannot exceed 60 clock hours of classroom instruction. The bill also provides that a licensee who has been licensed for 10 years or more may satisfy the continuing education requirements and renew a license for the next full term by completing a six-hour course that outlines relevant changes that have occurred in federal, State, or local laws.

Fiscal Summary

State Effect: General fund revenue could increase by \$9,750 in FY 1999, which reflects the bill's October 1, 1998 effective date. Out-year projections reflect an 80% biennial renewal rate with 200 new licensed salespersons each year and 400 new examinees.

| (in dollars) | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|-----------------|---------|----------|----------|----------|----------|
| GF Revenues | \$9,750 | \$13,000 | \$18,400 | \$20,200 | \$25,600 |
| GF Expenditures | 0 | 0 | 0 | 0 | 0 |
| Net Effect | \$9,750 | \$13,000 | \$18,400 | \$20,200 | \$25,600 |

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

Small Business Effect: Meaningful effect on educational organizations offering pre-licensing courses and continuing education courses.

Fiscal Analysis

State Effect: There are currently 28,466 licensed real estate salespersons in the State. Under current regulations, applicants for a real estate salesperson license must complete 90 hours of classroom instruction. This bill sets a statutory cap of 60 hours in order to qualify to take the real estate salesperson's exam. It is estimated that 400 additional people will take the licensing exam as a result of this bill. Further, it is estimated that 200 additional applicants will become licensed. The application fee is \$10 and the licensing fee is \$45. Thus, general fund revenues could increase by an estimated \$9,750 in fiscal 1999 discounting for the bill's October 1, 1998 effective date. Out-year projections assume an 80% biennial renewal rate and constant growth.

Any additional workload to the State Real Estate Commission associated with implementing the new requirements and processing additional licenses which result from the decrease in required pre-licensing hours could be absorbed within existing budgeted resources.

Small Business Effect: The bill would meaningfully affect small businesses offering pre-licensing instruction and continuing education courses. The bill reduces the amount of coursework required to obtain or renew a real estate salesperson license. The decline in consumer demand for these courses will cause businesses which offer these courses to lose profits.

Pre-licensing Course Requirements: Currently, all applicants must take 90 hours of classroom instruction in order to take the licensing exam. The bill would reduce the number of required hours to 60. While educational organizations offering pre-licensing courses may have to reduce their fees to reflect the shorter course, there would also be an increase in volume of students seeking to take a course.

Continuing Education Course Requirements: Currently, all licensees renewing an active license or activating an inactive license must complete at least 15 hours of continuing education. However, the bill provides that licensees with at least 10 years of experience may renew with only six hours of continuing education. For continuing education providers there would be a significant reduction in students since at least 40% of all licensees have at least 10 years of experience.

Information Source: Department of Labor, Licensing, and Regulation

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