

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 147
Economic Matters

(Delegates D. Davis and Feldman)

State Real Estate Commission - Fees

This bill clarifies that amounts for fees related to licensing of real estate brokers and salespersons, set forth by statute, will remain in effect for at least one year until the State Real Estate Commission adopts and puts into effect regulations that will set those fee amounts in accordance with Chapter 399 of 2005.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: None. The bill clarifies that current fee amounts will remain in effect in FY 2007.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Subject to specified exceptions, an individual must be licensed by the commission in order to provide real estate brokerage services in the State. Certain fees including an examination fee, application fees, renewal fees, a fee for reinstatement, and other fees generally relating to licensing of real estate brokers, associate real estate brokers, and real estate salespersons are set by statute.

Background: Chapter 399 of 2005 amends State law to establish a State Real Estate Commission Fund to cover the direct and indirect costs of the commission and repeals the

provision of current law providing that all fees collected by the State Real Estate Commission be deposited in the general fund, making the commission specially funded as of July 1, 2006. In fiscal 2006, the commission is expected to generate \$1.7 million in general fund revenues with general fund expenditures expected to be roughly half that amount. As a general fund agency, the commission's expenditures have been lower than its revenues, in part because it has not been charged for indirect costs. The conversion of the commission to a special fund agency is expected to allow the commission, through increased expenditures, to provide an enhanced level of services to the roughly 45,000 licensees it regulates. The Department of Labor, Licensing, and Regulation estimates that fee revenues will be approximately \$1.9 million in fiscal 2007.

Chapter 399 also repeals the amounts set in statute for fees relating to licensing of real estate brokers, associate real estate brokers, and real estate salespersons and authorizes the commission, on July 1, 2007, to set those fees by regulation. The fees are to be set by the commission based on annual calculations by the Secretary of Labor, Licensing, and Regulation of the direct and indirect costs attributable to the commission.

Chapter 399 will take effect July 1, 2006, which will create at least a one-year period wherein the fee amounts have been removed from statute yet will not have been set by the commission until on or after July 1, 2007. This bill clarifies that the current statutory fee amounts will remain in effect until the commission sets the fees by regulation.

Additional Information

Prior Introductions: None.

Cross File: SB 55 (Senator Hollinger) – Education, Health, and Environmental Affairs.

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

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mll/ljm

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