

Department of Legislative Services  
 Maryland General Assembly  
 2015 Session

FISCAL AND POLICY NOTE

House Bill 17 (Delegate McConkey)  
 Economic Matters

State Real Estate Commission - Continuing Education - Comparative Law Course

This bill requires each licensee of the State Real Estate Commission to take at least one 1.5-clock-hour course that covers the differences between real estate laws, regulations, and practices of the State, counties, municipalities, and neighboring states. Specifically, the course must cover these differences between the counties, municipalities, and neighboring states that are adjacent to the county in which the licensee most frequently provides real estate brokerage services. The new requirement affects license renewals occurring on or after January 1, 2017.

Fiscal Summary

**State Effect:** Special fund expenditures for the State Real Estate Commission Fund increase by approximately \$10,000 in FY 2016 for a one-time programming expense to modify the State Real Estate Commission’s electronic continuing education certification system. Increasing continuing education requirements is not anticipated to materially affect general or special fund revenues.

(in dollars)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	10,000	0	0	0	0
Net Effect	(\$10,000)	\$0	\$0	\$0	\$0

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** Minimal.

## **Analysis**

**Current Law/Background:** Each individual licensed by the State Real Estate Commission as an associate real estate broker, real estate broker, or real estate salesperson must meet certain continuing education requirements in order to qualify for license renewal. Licenses must be renewed every two years. Each licensee 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 four years, a 3-clock-hour course on the principles of agency and agency disclosure.

In addition, a real estate broker, 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 four years.

**State Expenditures:** Special fund expenditures for the State Real Estate Commission Fund increase by approximately \$10,000 in fiscal 2016 for a one-time programming expense to modify the State Real Estate Commission's electronic continuing education certification system.

**State Revenues:** Increasing continuing education requirements is not anticipated to materially affect general or special fund revenues. Licensees sanctioned by the commission for failure to comply with continuing education requirements following renewal of their licenses are fined \$1,500 and must pay a \$100 reinstatement fee. The fine revenues are applied to the general fund, while the reinstatement fee is credited to the State Real Estate Commission Fund. The Department of Labor, Licensing, and Regulation (DLLR) advises that about 10 licensees are sanctioned each year.

**Additional Comments:** Current law requires that, every two years, each licensee must complete at least 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. To the extent that those

courses address changes occurring in neighboring states or localities, DLLR advises that the bill could be construed to establish requirements concurrent to those in existing law.

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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

**Fiscal Note History:** First Reader - January 20, 2015  
mam/mcr

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