

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
 Third Reader

Senate Bill 443

(Senator Brooks)

Education, Energy, and the Environment

Economic Matters

Real Estate Brokers, Salespersons, and Associate Brokers - Continuing
 Education Courses - Alterations

This bill establishes separate continuing education requirements for a real estate broker, real estate salesperson, or associate real estate broker licensee who has been issued an *initial* license by the State Real Estate Commission. For a licensee who has been issued a renewal certificate, current continuing education requirements continue to apply.

Fiscal Summary

State Effect: Special fund expenditures for the State Real Estate Commission increase by approximately \$42,600 in FY 2024 for programming changes and consulting. Special fund expenditures in subsequent years reflect ongoing consulting costs.

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	42,600	2,200	2,300	2,400	2,500
Net Effect	(\$42,600)	(\$2,200)	(\$2,300)	(\$2,400)	(\$2,500)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: For a licensee who was issued an initial real estate broker, real estate salesperson, or associate real estate broker license, the subject matter of continuing

education courses must include at least one 3-clock hour course for each of the following topics:

- outlining contract writing, standard contract provisions, key regional contract requirements, and standard addenda and contingencies;
- the principles of real estate brokerage relationships and disclosures and disclosure requirements for sellers;
- the principles of real estate practice in relation to (1) advertising requirements for licensees; (2) the handling and disclosure of escrow funds; and (3) common ownership communities; and
- property management and landlord and tenant laws.

Additionally, the licensee must complete at least one 1.5 clock hour course for each of the following topics:

- professionalism as it relates to the Maryland Code of Ethics (including a discussion relating to conflict resolution and a licensee's duty of respect for the public, peers, and property); and
- real estate financing.

Current Law: Generally, each individual licensed by the State Real Estate Commission as a real estate broker, real estate salesperson, or associate real estate broker must complete 15-clock hours of continuing education every two years in order to qualify for license renewal. The commission must approve the form, substance, and subject matter of the courses; however, every two years, a 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;
- a 1.5-clock hour course that outlines federal, State, and local fair housing laws and regulations;
- a 3-clock hour ethics course that includes (1) the Maryland Code of Ethics; (2) a discussion of the practices of flipping; (3) fraudulent real estate practices and (4) professionalism as it relates to the Maryland Code of Ethics, including conflict resolution and a licensee's duty to respect the public, peers, and property;
- a 3-clock hour course on the principles of real estate brokerage relationships and disclosures; and
- for a real estate broker and a licensee designated as a branch office manager or a team leader, a 3-clock hour course on the requirements of broker supervision.

State Expenditures: The State Real Estate Commission advises that information technology changes (totaling approximately \$25,000 in fiscal 2024) are required to record, track, and enforce the new requirements established by the bill. In addition, the commission advises that it does not have the appropriate expertise to develop or approve courses that address the educational requirements specified in the bill. Thus, additional consulting costs (totaling approximately \$17,600 in fiscal 2024) are also incurred. Ongoing consulting costs total approximately \$2,200 in fiscal 2025 and \$2,500 in fiscal 2028.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 662 (Delegate Rogers, *et al.*) - Economic Matters.

Information Source(s): Maryland Department of Labor; Department of Legislative Services

Fiscal Note History: First Reader - February 17, 2023
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