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OFFICE OF THE SECRETARY

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**BILL:** Senate Bill 260 - State Government - Real Estate - Broker Rebate Fee Fund

**COMMITTEE:** House Appropriations

**DATE:** March 22, 2022

**POSITION:** Letter of Information

Upon review of Senate Bill 260 – State Government - Real Estate - Broker Rebate Fee Fund, the Department of General Services (DGS) provides these comments for your consideration.

This Bill establishes the broker rebate fee fund, a commission sharing payment-based fund generated from real estate lease transactions. Currently, collected funds from lease transitions are reverted to the General Fund at the end of the fiscal year. However, it is not untypical for these payments to be delayed, as there are multiple steps before the funds reach DGS, which means the actual revenue collected does not reflect the annual estimated revenue.

Currently these fees are placed into the DGS Office of Real Estate's operating budget as salaries and other operating expenses. When these fees are delayed, maintenance of staffing and funding levels become an issue. In addition, the DGS Office of Real Estate must respond to unforeseen and unfunded requests for due diligence studies related to property disputes and ownership issues. The creation of the broker rebate fee fund would ensure that the DGS Office of Real Estate has stable funding and is able to maintain the necessary staff.

The creation of the broker rebate fee fund would both support the DGS Office of Real Estate in its mission and the agency as a whole. For these reasons DGS requests a favorable report for Senate Bill 260 - State Government - Real Estate - Broker Rebate Fee Fund.

This Committee passed unanimously favorable House Bill 773, the cross-file to Senate Bill 260.

For additional information, contact Ellen Robertson at 410-260-2908.

