

**STATE
REVISED FISCAL IMPACT**

(Replaces fiscal note dated February 12, 2008)

Drafting Number: LS 08-0378

Date: February 18, 2008

Prime Sponsor(s): Rep. Carroll M.
Sen. Tapia

Bill Status: House Finance

Fiscal Analyst: Clare Pramuk (303-866-2677)

TITLE: CONCERNING THE CONTINUATION OF THE REAL ESTATE COMMISSION, AND, IN CONNECTION THEREWITH, REPEALING THE REQUIREMENT FOR GROUP ERRORS AND OMISSIONS INSURANCE, AUTHORIZING SERVICE OF PROCESS BY MAIL, REPEALING THE LICENSURE OF REAL ESTATE SALESPERSONS, MODIFYING CONTINUING EDUCATION REQUIREMENTS, ALTERING THE MEMBERSHIP OF THE COMMISSION, REPEALING THE LICENSING RECIPROCITY REQUIREMENT, EXPANDING THE GROUNDS FOR DISCIPLINE, AUTHORIZING NAME-BASED CRIMINAL HISTORY BACKGROUND CHECKS, REQUIRING FINES TO BE DEPOSITED IN THE GENERAL FUND, AND ALTERING THE HIRING AUTHORITY FOR EMPLOYEES OF THE DIVISION OF REAL ESTATE.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue		
General Fund	\$144,770	\$144,770
State Expenditures	\$0	\$0
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: Upon signature of the Governor or upon becoming law without his signature.		
Appropriation Summary for FY 2008-2009: None required.		
Local Government Impact: None.		

The fiscal note is revised to include an amendment adopted in the House Business Affairs and Labor Committee and to revise state revenue figures to reflect that fees collected will match expenditures.

Summary of Legislation

This bill continues the Real Estate Commission in the Department of Regulatory Agencies until July 1, 2017 and makes several changes to licensing, education, background checks, and fine provisions including:

- ▶ amendment continues group errors and omissions coverage procurement;
- ▶ 4 hours of content are added to the required annual update course and continuing education courses must be approved by the commission;
- ▶ the commission member representing subdivision development is replaced with a public member;

- ▶ fines go to the General Fund rather than the Real Estate Cash Fund; and
- ▶ the director of the commission will hire staff instead of the executive director of the Department of Regulatory Agencies.

Background

The Colorado Real Estate Commission is housed in the Department of Regulatory Agencies and licenses approximately 50,000 real estate brokers. Between FY 2001-02 and FY 2005-06, 3,651 complaints were filed resulting in 73 revocations and 55 suspensions of licenses. The real estate industry has been regulated in Colorado since 1925. For FY 2007-08, the division was appropriated \$3.3 million.

State Revenue

Fines. This bill is expected to increase General Fund revenue by \$144,770 in both FY 2008-09 and FY 2009-10. Real estate fines currently collected will be credited to the General Fund under this bill.

Fees. Real estate fines currently credited to the Real Estate Cash Fund are used to support the expenditures of the commission. Because HB08-1212 credits these fines to the General Fund rather than the Real Estate Cash Fund, the Department of Regulatory Agencies will increase broker renewal fees to offset the loss of fine revenue to the Real Estate Cash Fund. The renewal fee will be increased by \$8.68, as noted in Table 1 below.

Table 1. Fee Impact on Real Estate Brokers						
Type of Fee	Current Fee	Proposed Fee	Fee Change	Number Affected Per Year*	2008-09 Total Fee Impact	2009-10 Total Fee Impact
Real Estate Broker Renewal (3 years)	\$150	\$158.68	\$8.68	16,679	\$144,770	\$144,770
TOTAL					\$144,770	\$144,770

**Division licenses 50,037 brokers, but one third renew each year.*

General Fund for Highways and Capital Construction. This bill increases General Fund revenue, thereby increasing the amount available for these transfers by \$48,257 for the HUTF and \$96,513 for the Capital Construction Fund in FY 2008-09.

State Expenditures

No additional state expenditures are anticipated as a result of this bill. The commission will continue its operations with minor changes that can be accomplished within existing appropriations.

Departments Contacted

Regulatory Agencies Law Public Safety Treasury