



Colorado Legislative Council Staff
NO FISCAL IMPACT

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Prime Sponsor(s): Sen. Taylor
Rep. White

Bill Status: Senate Business, Labor, & Technology
Fiscal Analyst: David Porter (303-866-4375)

TITLE: CONCERNING THE REGULATION OF ENTITIES SUBJECT TO THE REAL ESTATE COMMISSION.

Summary of Assessment

This bill, recommended by the Legislative Audit Committee, resulted from an Office of the State Auditor's October 2004 performance audit of the Department of Regulatory Agencies, Division of Real Estate. The following summarizes the issues addressed by the bill:

- *Errors and omissions insurance* - Errors and omissions insurance is a form of liability insurance real estate brokers are required to carry. The insurance is intended to provide the public with a level of financial protection from mistakes made by real estate brokers during the course of a real estate transaction. The real estate commission is required to seek out and make available to brokers a group errors and omissions policy. Should the commission be unable to find a policy at a reasonable rate, brokers are not required to carry errors and omissions insurance for that year. This bill removes this exception and requires real estate brokers to have approved coverage regardless of the commission's ability to provide a group plan.
- *Disclosure of criminal or potentially criminal activities* - During the course of real estate commission investigations, there are cases where criminal or potentially criminal activities are discovered. Currently, Division of Real Estate staff are not required to disclose such activities to law enforcement authorities. This bill requires that upon discovery of such activities, the proper authorities are alerted of the circumstances.
- *Background checks for real estate developers* - This bill requires all subdivision developer applicants submit a set of fingerprints to the Colorado Bureau of Investigation for a state and national fingerprint-based criminal history record check.

In determining the fiscal impact of this bill, it is assumed that the fingerprinting of subdivision developers is limited to individuals submitting their initial application (rather than a renewal). These assumptions yield four to five applicants yearly. Given the small number of applicants, the requirements of this bill are all minimal enough to be absorbed within current appropriations. Therefore, this bill is assessed as having no fiscal impact. Unless a referendum petition is filed, the bill will take effect August 9, 2006, assuming the General Assembly adjourns on May 10, 2006, as scheduled.

Departments Contacted

Regulatory Agencies

Public Safety

Local Affairs