



**Colorado
Legislative
Council
Staff**

SB17-215

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0305
Prime Sponsor(s): Sen. Priola
Rep. Gray

Date: March 20, 2017
Bill Status: Senate Business
Fiscal Analyst: Josh Abram (303-866-3561)

BILL TOPIC: SUNSET LICENSING REAL ESTATE BROKERS & SUBDIVISION DEVELOPERS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		<u>\$4.0 million</u>
<i>Continuing revenue</i>		
Cash Funds		\$4.0 million
State Expenditures		<u>\$4.0 million</u>
<i>Continuing expenditures</i>		
Cash Funds		4.0 million
TABOR Impact		\$4.0 million
FTE Position Change		55.9 FTE
Appropriation Required: None.		
Future Year Impacts: Continuation and increase in revenue and expenditures.		

Summary of Legislation

The bill continues the regulation of real estate brokers and subdivision developers by the Real Estate Commission (commission) in the Department of Regulatory Agencies (DORA) for nine years until September 1, 2026, and implements recommendations from the 2016 DORA sunset review of the Division of Real Estate. Among its many changes, the bill:

- creates a license endorsement for real estate brokers who also act as property managers, conditioned on prescribed education and requiring a financial surety;
- requires the commission to adopt rules for the number of transactions that must be completed by a real estate broker that employs other brokers;
- consolidates several cash funds used by the Division of Real Estate into a single cash fund; and
- modifies the composition of the commission to require that one of the three broker members have experience with and actively practice property management.

Fiscal Impact of Programs Set to Expire

This bill continues a program in the Division of Real Estate in the DORA that is set to repeal effective July 1, 2017. In the current FY 2016-17, the program has revenue and expenditures of approximately \$4.0 million and about 56.0 FTE. Under current law, state agencies may be appropriated funds to wind up the affairs of an expiring program for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY 2018-19, one year after the repeal date. There is no need for an appropriation of the current base funding for the program in FY 2017-18, since its authorization has not yet expired and ongoing funding for the program has been included in the department's base budget request.

State Revenue

By continuing the regulation of real estate brokers and subdivision developers, the bill increases cash fund revenue to the DORA by about \$4.0 million in FY 2018-19, deposited into the division's consolidated cash fund. This revenue represents a continuation of existing revenue to the program.

TABOR Impact

This bill increases cash fund state revenue from licensing fees, which will increase the amount of money required to be refunded under TABOR for FY 2018-19. TABOR refunds are paid out of the General Fund. Since the bill increases the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will decrease by an identical amount.

State Expenditures

By continuing the regulation of real estate brokers and subdivision developers, the bill increases expenditures in DORA by about \$4.0 million and an allocation of about 56.0 FTE in FY 2018-19, paid from the Division of Real Estate Cash fund. These costs represent the continuation of the program beyond its current repeal date and the subsequent wind-up period.

Effective Date

The bill takes effect July 1, 2017.

State and Local Government Contacts

Information Technology

Law

Regulatory Agencies