

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 454
Economic Matters

(Delegate Niemann, *et al.*)

State Real Estate Commission - Investigative Staff - Employment and Payment

This bill requires the State Real Estate Commission to pay investigative staff from the State Real Estate Commission Fund, subject to the availability of funds. The bill exempts these investigative staff from hiring freezes or position reductions.

Fiscal Summary

State Effect: Although there is no direct fiscal impact, the bill may result in additional special fund expenditures if the commission exercises the authority granted by the bill.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: An individual who provides real estate brokerage services for consideration – including selling, buying, exchanging, leasing, or collecting rent for any real estate – must be licensed by the State Real Estate Commission. The commission, in accordance with the State budget, is authorized to employ staff to conduct investigations.

The commission's fees are calculated annually based on the direct and indirect costs attributable to the commission. Each fee charged by the commission may not be increased by more than 12.5% on an annual basis. The revenue generated by the commission's fees is deposited into the State Real Estate Commission Fund, administered

by the Secretary of Labor, Licensing, and Regulation. The special fund is used to cover the actual costs of fulfilling the statutory and regulatory duties of the commission.

Background: The State Real Estate Commission, located within the Department of Labor, Licensing, and Regulation's Division of Occupational and Professional Licensing, employs five investigators. The proposed fiscal 2009 budget includes an average salary of \$36,520 for each of the division's investigators.

The bill repeals the provision that employment of commission investigators is subject to the State budget. Under the bill, the commission is authorized to employ staff subject only to the availability of funds in the State Real Estate Commission Fund. The fund balance at the end of fiscal 2007 was about \$268,000. The proposed fiscal 2009 budget includes expenditures of \$1.8 million from the fund, with additional expenditures to fund indirect costs. The fiscal 2009 revenue estimate is \$2.0 million.

Chapter 399 of 2005 established the State Real Estate Commission Fund as a special nonlapsing fund, effective July 1, 2006. With the conversion to special fund status, the commission gained flexibility in establishing fees to support programs and services. Although not exempted from Department of Budget and Management personnel actions, special fund agencies do have additional discretion in use of funds; however, the additional personnel protections provided in this bill would be unique to the commission, with no similar precedent among general or special fund agencies.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Budget and Management; Department of Legislative Services

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