

Department of Planning and Budget 2007 Fiscal Impact Statement

1. Bill Number SB1185

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

2. Patron Locke

3. Committee Passed Both Houses.

4. Title Real Estate Board; Real Estate Transaction Recovery Fund.

5. Summary/Purpose: This bill adds (i) educating the public as well as real estate licensees and (ii) transfers to the Virginia Housing Partnership Fund, as authorized uses of interest in the Virginia Real Estate Transaction Recovery Fund.

6. No Fiscal Impact

7. Budget amendment necessary: None.

8. Fiscal implications: The Real Estate Transaction Recovery Fund Act was established in 1977 and since that time has operated independently of the Commonwealth Accounting and Reporting System (CARS). The funds are not appropriated, but are expended in accordance with the purposes enumerated in statute, under the authority of the Real Estate Board.

The Department of Professional and Occupational Regulation (DPOR) reports that at the close of FY 2006, the Fund had approximately \$940,000 in interest, and in the past two fiscal years earned interest averaging \$92,000 annually. The Real Estate Board uses the interest to pay administrative expenses as authorized in the statute. Administrative expenses averaged approximately \$49,700 in the past two fiscal years.

This proposal will allow the Real Estate Board to use the interest balance to promote public awareness and licensee education. Initial plans for use of the funds include approximately \$25,000 for web design and information; \$25,000 for presentations and travel costs; and \$50,000 for design, production and distribution of information and educational materials. In addition, the bill also allows for the interest balance to be transferred to the Virginia Housing Partnership Fund. This Fund, like the Real Estate Transaction Recovery Fund, is not accounted for on CARS, so no appropriation would be needed to transfer the interest balance.

There is no impact on DPOR's appropriation as a result of this proposal.

9. Specific agency or political subdivisions affected: Department of Professional and Occupational Regulation.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 3/19/07 / aek

Document: G:\2007 Fiscal Impact Statements\SB1185ER.Doc
cc: Secretary of Commerce and Trade