

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: SB758S1

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Sturtevant

3. Committee: General Laws and Technology

4. Title: Real estate teams; required to obtain a business entity license.

5. Summary: Requires real estate teams as defined in the bill to obtain a business entity license, meaning a real estate firm license or a business entity salesperson's license, from the Real Estate Board (the Board). The bill also expands the responsibilities of supervising brokers as defined in the bill and requires that such broker first obtain a business entity salesperson's license from the Board for each place of business maintained. Also provides that a real estate team may hire one or more unlicensed assistants. The bill has a delayed effective date of January 1, 2019.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. See Item 8, below.

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2018	0	n/a
2019	\$54,150	NGF
2020	\$54,150	NGF
2021	\$30,400	NGF
2022	\$30,400	NGF
2023	\$30,400	NGF
2024	\$30,400	NGF

8. Fiscal Implications: This bill increases the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR) by requiring real estate teams to obtain business entity licenses with the Real Estate Board (Board) and updates supervising broker responsibilities for reporting branch office affiliations. The Board will need to promulgate new regulations and DPOR will need to update business entities and branch office forms/applications and formulate letters for real estate teams and branch office affiliations. It is anticipated that any expenditure impact to DPOR can be absorbed with existing resources.

Revenue Impact: In accordance with the provisions of Section 54.1-113 (Callahan Act), Code of Virginia, licensing fees are established at rates adequate to cover a program's

operating costs and a proportionate share of agency support costs. Approximately 285 new business entity applications are expected in both FY 2019 and FY 2020 and 25 each year thereafter. Approximately 285 business entity renewals are expected annually beginning in FY 2021.

The Real Estate Business Entity application fee is \$190 and the renewal fee is \$90. Total revenue is estimated at \$54,150 in FY 2019 and FY 2020, and \$30,400 in FY 2021 and thereafter. DPOR anticipates that 285 new business entity applications will come in from January 1, 2019 to June 30, 2019 in FY 2019 when the bill becomes effective January 1, 2019.

9. Specific Agency or Political Subdivisions Affected: Department of Professional and Occupational Regulation

10. Technical Amendment Necessary: No.

11. Other Comments: HB862 also expands the responsibilities of supervising brokers.