

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 1437 (Substitute S-1 as reported by the Committee of the Whole)
Senate Bill 1438 (Substitute S-1 as reported)
Sponsor: Senator Walter H. North
Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

Senate Bill 1437 (S-1) would amend the State License Fee Act to do the following:

- Increase the license fees for a real estate broker or associate broker from \$18 to \$36 and for a real estate salesperson from \$13 to \$26.
- Increase from \$5 to \$15 the amount of each real estate broker or salesperson license fee that must be credited to the Real Estate Education Fund.
- Create the "Real Estate Enforcement Fund"; require that \$15 of each real estate broker's and salesperson's license fee be deposited in the Fund; and require the Fund to be administered by the Attorney General.
- Require the Department of Consumer and Industry Services (DCIS) to use the proposed Fund to enforce Article 25 of the Occupational Code (which governs realtors).

Senate Bill 1438 (S-1) would amend the Occupational Code to do the following:

- Require the DCIS to issue a three-year license for a real estate broker or salesperson.
- Require the fee for a triennial license renewal to be three times the per-year amount.
- Require a licensee to meet the educational requirements for license renewal over a three-year period, instead of the current 12-month period.
- Specify requirements for a one-clock-hour continuing education course.

MCL 338.2237 (S.B. 1437)
339.409 et al. (S.B. 1438)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

Senate Bill 1437 (S-1) would change the fee structure for real estate salespersons, real estate brokers, and associate brokers. Currently, the license fees generate \$837,600, of which \$554,100 is used to administer the licensing program and \$283,500 is deposited into the Education Fund. The bill would double these fees and create a new Enforcement Fund. Estimated annual collections under this proposal would be \$1,675,200. The bill also would change the distribution of the revenue by splitting all of the license revenue between the Education Fund and the new Enforcement Fund. This would result in a decrease in the operating budget of the division by \$554,100, which is currently used to support the administrative responsibilities of maintaining the licensure program. The deposit into the Education Fund would be increased by \$567,000 and the deposit into the Enforcement Fund would be \$850,000 annually. The amount designated for each of these funds is \$25,000 greater than the estimated revenue to be collected due to the number of salespersons versus brokers and the different license fees. Therefore, some sort of a proration would be needed to account for this variation.

Senate Bill 1438 (S-1) would have no fiscal impact on State or local government.

Date Completed: 11-12-02

Fiscal Analyst: Maria Tyszkiewicz