



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 532 of the 131st G.A. **Date:** May 25, 2016

Status: As Reported by House Commerce and Labor **Sponsor:** Rep. R. Smith

Local Impact Statement Procedure Required: No

Contents: Creates specific real estate broker license types, updates continuing education requirements, and makes other related changes to the Ohio Real Estate Brokers and Salesperson Law

State Fiscal Highlights

- The bill may very minimally increase administrative costs for the Division of Real Estate and Professional Licensing and the Ohio Real Estate Commission. Any costs would be paid from the Real Estate Fund (Fund 5490).

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill makes several changes to the Ohio Real Estate Brokers and Salesperson Law that is enforced by the Division of Real Estate and Professional Licensing and the Ohio Real Estate Commission within the Department of Commerce. None of the changes under the bill would appear to impose significant new costs on the Division or generate significant new revenue. Specifically, the bill modifies the education requirements for real estate brokers and salespersons, including permitting coursework to be completed by distance education, modifying the post-licensure education requirements for real estate salespersons, and establishing additional requirements for the continuing education coursework for a licensee. It also permits the Department of Higher Education (DHE) to review programs offered by institutions of higher education that have pre-license education requirements for real estate brokers and salespersons, a provision that could result in a negligible additional cost for DHE. Additionally, the bill establishes three categories of brokers (principal broker, management level licensee, and associate broker) and lists requirements for principal brokers. For further details on all of the changes, please see the LSC Bill Analysis.

There are some potential new costs as a result of the bill, but these would be very minimal. The potential new costs would be for overseeing the three new categories of real estate license types created by the bill. Specifically, the bill requires the Commission to adopt rules that permit a broker to act as a principal broker for more than one brokerage. Additionally, the Commission is to establish procedures for the application and approval of more than one trade name for a brokerage. The bill also permits the Division to impose disciplinary sanctions on a licensee who is found guilty of acting as a broker without authority and impeding the ability of a principal broker to impose any of their duties under the bill. Taken together, these additional responsibilities may minimally increase the Division of Real Estate and Professional Licensing's oversight costs. Any costs will be paid from the Real Estate Fund (Fund 5490). So far in FY 2016, approximately \$2.0 million from licensing fees, \$119,000 from education and testing fees, and \$650 from fines and penalties were deposited into Fund 5490. As of early May 2016, the balance in Fund 5490 is \$2.1 million.