

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3563-02
Bill No.: HB 985
Subject: Economic Development Dept: Licenses - Professional; Property, Real and Personal
Type: Original
Date: February 13, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(Unkown - Expected to be Less than \$100,000)	(Unknown - Expected to be Less than \$100,000)	(Unknown - Expected to be Less than \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown - Expected to be Less than \$100,000)	(Unknown - Expected to be Less than \$100,000)	(Unknown - Expected to be Less than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Public Defender, Department of Public Safety - Missouri State Highway Patrol, Department of Revenue, Department of Economic Development - Division of Professional Registration, and the Office of Administration – Division of Design and Construction and Administrative Hearing Commission** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Office of State Courts Administrator** stated there would be no fiscal impact on the Courts resulting from this proposal.

Officials from the **Office of the Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Secretary of State's Office (SOS)** assumed the rules, regulations and forms issued by the Department of Economic Development - Real Estate Commission could require as many as 16 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$984 for

ASSUMPTION (continued)

FY 2005. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of State Treasurer** state that this proposal removes section 339.105.4, which requires real estate brokers involved in an escrow dispute to report and deliver the moneys in dispute to the state treasurer, unclaimed property division, within 365 days of the date of the initial projected closing date. The interest earned on the moneys would be retained by the state and swept into general revenue. The fiscal impact of section 339.105.4 of this proposal would have a negative unknown impact to general revenue less than \$100,000 annually.

Officials from the **Office of Prosecution Services (OPS)** did not respond to this request for fiscal note, but in similar legislation proposed last year, OPS indicated there would be no fiscal impact to prosecutors.

This proposal would decrease Total State Revenue

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE			
<u>Loss</u> - Interest on disputed funds	(Unknown - Expected to be Less than \$100,000)	(Unknown - Expected to be Less than \$100,000)	(Unknown - Expected to be Less than \$100,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown - Expected to be Less than \$100,000)</u>	<u>(Unknown - Expected to be Less than \$100,000)</u>	<u>(Unknown - Expected to be Less than \$100,000)</u>

FISCAL IMPACT - Local Government

FY 2005
(10 Mo.)

FY 2006

FY 2007

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal contains the following provisions pertaining to the practice of real estate:

- (1) Adds Internet web sites to the licensing exemption, when in the case of advertising real estate, the advertising is incidental to their normal business operations;
- (2) Removes the requirement of having on file with the Real Estate Commission a certified copy of a currently effective statement of record from the Office of Interstate Land Sales when land developers sell their own property;
- (3) Allows the commission to issue temporary work permits to individuals who have satisfied all licensing requirements prior to the final review and printing of their licenses;
- (4) Grants entities providing continuing education the authority to do so through the means of distance delivery;
- (5) Gives the commission the authority, when conducting investigations of complaints involving affiliated licensees, to forward copies of the information regarding the complaint to the affiliated licensee's broker;
- (6) Gives the commission authority, when a licensee fails to renew or surrender his or her license and the commission finds the licensee to be in violation of certain provisions, to cause complaints to be filed with the Administrative Hearing Commission;
- (7) Removes the provision pertaining to disputes over ownership of escrow moneys;
- (8) Increases the maximum amount of compensation each member of the commission may receive from \$50 to \$75;
- (9) Requires designated brokers who have affiliated licensees to adopt a written policy

DESCRIPTION (continued)

describing their relationships in regard to their real estate activities; and

(10) Repeals the provisions relating to escrow agents.

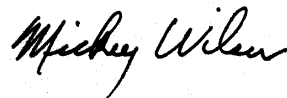
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Office of Administration
Administrative Hearing Commission
Office of Design and Construction
Office of State Courts Administrator
Department of Economic Development
Division of Professional Registration
Department of Revenue
Department of Public Safety
Missouri State Highway Patrol
Office of State Special Defender
Office of State Treasurer
Office of Secretary of State
Administrative Rules Division

DID NOT RESPOND

Office of Prosecution Services



Mickey Wilson, CPA
Director
February 13, 2004