

# OFFICE OF FISCAL ANALYSIS

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sHB-6624

AN ACT CONCERNING LICENSING REQUIREMENTS FOR REAL ESTATE BROKERS.

## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Consumer Protection, Dept.	GF - Cost	157,768	121,301
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	48,638	50,097
Resources of the General Fund	GF - Revenue Gain	At least 140,000	At least 90,000

Note: GF=General Fund

**Municipal Impact:** None

### **Explanation**

The bill establishes a registration process for real estate teams resulting in a cost to the Department of the Consumer Protection (DCP) and the Office of the State Comptroller and a revenue gain to the General Fund.

To meet the requirements of the bill DCP will need to hire a consultant for three months, one processing technician, and one real estate examiner for a cost of \$206,406 in FY 22 and \$171,398 in FY 23 (cost includes salary and fringe benefits). The consultant is needed to update the database so the system can accept the new license. The processing technician and examiner will license the teams, ensure applicants have proper credentials, investigate complaints, and

<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.3% of payroll in FY 22 and FY 23.

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address advertising violations. It's anticipated that there are 1,100 individuals and 250 teams already engaged in this practice with numerous advertisement violations occurring.

The bill establishes a \$565 initial application fee and a \$375 annual renewal fee resulting in a revenue gain of at least \$140,000 in FY 22 and at least \$90,000 in FY 23. Approximately 250 teams are engaging in this practice and more are expected to apply if real estate teams are allowed under Connecticut law.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the number of licenses applied for.