

**75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5045

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. D. Edwards
Carrier – Senate: Sen. Johnson**

Action: Do Pass

Vote: 20 – 0 – 2

House – Yeas: Buckley, D. Edwards, Garrard, Gilman, Jenson, Komp, Nathanson, Richardson, Shields, G. Smith

– Nays:

– Exc: Galizio, Kotek

Senate – Yeas: Bates, Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Whitsett, Winters

– Nays:

– Exc:

Prepared By: Kelly Freels, Department of Administrative Services

Reviewed By: Kim To, Legislative Fiscal Office

Meeting Date: April 10, 2009

Agency

Real Estate Agency

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Biennium

2009-11

Budget Summary*

	2007-09 Legislatively Approved Budget (1)		2009-11 Essential Budget Level		2009-11 Committee Recommendation		Committee Change from 2007-09 Leg. Approved	
							\$ Change	% Change
Other Funds	\$	8,045,251	\$	7,954,482	\$	8,637,055	\$ +591,804	+7.4 %

Position Summary

Authorized Positions	32	30	31	+1
Full-time Equivalent (FTE) positions	31.62	29.63	30.63	-0.99

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The agency is financed with Other Fund revenues derived almost exclusively from fees paid for professional licenses and examinations.

The Subcommittee, through House Bill 5046 (the agency’s fee bill), approved an increase to the criminal background check fee from \$40 to \$47. The agency requires a criminal background check be conducted on all new license applicants. The intent of the fee increase is for applicants to pay fully the cost of this service, which is provided through Oregon State Police. At the lower rate of \$40, existing licensees were subsidizing the cost of this service. The fee increase is expected to generate \$21,000 in Other Fund revenues.

At the spending level approved by the Subcommittee for 2009-11, the agency is expected to have an ending revenue balance of about \$2.9 million Other Funds, which is equivalent to about eight month of operating costs.

Summary of Transportation and Economic Development Subcommittee Action

The mission of the Real Estate Agency is to provide quality protection for Oregon consumers of real estate, escrow and land development services, balanced with a professional environment conducive to a healthy real estate market. The agency licenses and regulates over 24,000 real estate brokers, salespersons and property managers. It also staffs the Real Estate Board, which advises the Governor and the Real Estate Commissioner on concerns of the real estate industry.

The Subcommittee approved a budget for the Real Estate Agency of \$8,637,055 Other Funds and 30.63 full-time equivalent positions. This is a 7.4 percent increase from the 2007-09 Legislatively Approved Budget and an 8.6 percent increase from the 2009-11 Essential Budget Level. The approved budget continues one position and provides funding for technology enhancements important to the real estate industry.

The Subcommittee approved Package 101 at a cost of \$97,778 Other Funds and one permanent full-time equivalent position. The position was approved as limited-duration in the 2007-09 biennium pending a review by the new incoming Commissioner. The Commissioner has re-aligned staffing needs to support the agency's strategic business plan and to accommodate the cyclical nature of the real estate industry. The scope of this position has been expanded to provide administrative support as well as outreach and relationship building activities.

Package 102 is approved at a cost of \$84,795 Other Funds for hardware and software upgrades of the agency's mainframe system to update the agency's intranet to enable more efficient sharing of documents, information and resources.

Package 103 is approved at a cost of \$500,000 Other Funds. These funds will complete the final phase of the agency's online licensing and e-commerce system to address needs identified by the real estate industry. The Department of Administrative Services, Budget and Management Division is requested to unschedule these funds pending results from the Request for Proposal process and a review by the Legislative Fiscal Office and the Budget and Management Division.

Understanding the greater efficiency resulting from these technology investments, the Subcommittee provided the following direction:

Budget Note:

With an enhanced intranet and an integrated online licensing system, the Real Estate Agency is to explore, with the input of the Board and industry representatives, the cost-savings and suitability of transitioning its hardcopy publications (e.g., Real Estate Manual and the Oregon Real Estate News Journal) to online documents and subscriptions. The agency shall report the progress and cost savings of this effort to the Ways and Means or appropriate Legislative committee prior to the convening of the 2011 Legislative Session.

Summary of Performance Measure Action

See attached Legislatively Adopted 2009-11 Key Performance Measures form.