



# Oregon

Kate Brown, Governor

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## SB 68 – OREA Fee Increase

**What the measure does:** The purpose of this bill is to update fees paid to the Agency for professional licenses and other associated fees. It is linked to Policy Option Package 101 in the Agency's 2017-19 Governor's Balanced Budget. The updated fees will provide sufficiency for the Oregon Real Estate Agency to achieve its mission of providing quality protection for Oregon consumers of real estate, escrow and land development, balanced with a professional environment conducive to a healthy real estate market.

### Background:

- The last major update to the Agency's fees occurred during the 1997-99 biennium, although some fees such as: temporary licenses, branch office registrations, inactive license renewals, and late fees have remained unchanged since the 1970s and early 1980s.
- In the early 2000s rapidly growing home values contributed to a record number of licensees, fees from which provided an ending balance that helped to support Agency operations through 2015-17. Until this ending balance was spent down, a fee increase was neither necessary nor justified.
- The Agency's ending balance has been diminishing since the real estate market instability in 2008. OREA has managed to maintain operations through the use of its ending balance along with cost cutting measures including reductions to services and supplies, rent, and holding open vacant positions as long as possible, within reasonable operational needs.
- As a result of the 2008 economic recession, real estate licenses dropped by 30 percent and have recovered by approximately 15 percent. Currently, there are approximately 21,000 licensees in Oregon. This level of licensees is more reflective of a normal real estate market.
- While market indicators signal that the industry has rebounded, revenue projections in the 2017-19 biennium are not enough to support continually increasing inflationary costs associated with personnel, DOJ and state government service charges. Personnel costs comprise approximately 77% of the Agency budget; these costs specifically include: health care, annual step increases, cost of living adjustments and other related payroll expenses.

### Solution:

Below is a list of fees proposed in SB 68:

- License Applications from \$230 to \$300
- Active License Renewal from \$230 to \$300
- Inactive License Renewal from \$110 to \$150
- Late Renewal Fee from \$30 to \$150
- Reactivation Fee from \$75 to \$150
- Business Name Registration Fee from \$230 to \$300
- Branch Office Registration Fee from \$10 to \$50
- Escrow Application Fee from \$300 to \$450
- Escrow Branch Of. Application from \$150 to \$225
- Escrow Renewal Fee from \$300 to \$450
- Escrow Branch Office Renewal from \$150 to \$225
- Temporary License Fee from \$40 to \$150
- Temporary License Extension Fee from \$40 to \$150
- Registered Business Name Renewal Fee established at \$50
- Registered Business Name Change Fee established at \$300
- Continuing Ed. Provider Application established at \$300
- Continuing Ed. Provider Renewal established at \$50
- Address Change Fee abolished at \$10
- License Print Fee abolished at \$20

The bill allows the Agency to operate sustainably and build a reasonable ending balance equivalent to 3-6 months of operations expenditures. The Agency developed the fee schedule by utilizing expertise and feedback from the Agency's board, licensees and stakeholders, and has been communicating with its partners at board meetings, through newsletters, and via work groups to inform them of the proposed fee changes. Historically licensing related fees have increased by 30% on a ten year cycle. Barring major economic or industry changes the Agency anticipates this fee increase to sustain operations for a similar period.

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