

## Oregon Real Estate Agency

	2013-15 Actual	2015-17 Legislatively Adopted	2015-17 Legislatively Approved*	2017-19 Current Service Level
Other Funds	6,587,706	6,897,314	7,166,423	7,898,615
<b>Total Funds</b>	<b>\$6,587,706</b>	<b>\$6,897,314</b>	<b>\$7,166,423</b>	<b>\$7,898,615</b>
Positions	30	29	29	29
FTE	29.15	29.00	29.00	29.00

\*Includes Emergency Board and administrative actions through December, 2016

### Program Description

The Real Estate Agency is responsible for the licensing, education and enforcement of Oregon's real estate laws applicable to brokers, property managers, and real estate marketing organizations. Agency responsibilities also include the following: licensing and regulation of escrow agents; registration and reviews of campground contract brokers, subdivisions, timeshares, and condominium developments; approval and development of course curriculum requirements for its licensees; administration of examinations; audits of licensees; and investigation of complaints concerning licensees and regulated activities. The Real Estate Commissioner is appointed by the Governor and administers the agency. The agency supports the Real Estate Board, with seven industry members and two public members, all of whom are appointed by the Governor.

### CSL Summary and Issues

There are no significant differences between the Chief Financial Office and the Legislative Fiscal Office regarding the Real Estate Agency's current service level.

### Policy Issues

The Real Estate Agency will be proposing a fee increase for 2017-19 to support operations. Its last fee increase was in the 1997-199 biennium. The housing bubble of the early 2000's resulted in many new licensees, which created revenue in excess of expenditures and a subsequent ending balance/reserve that the agency has been utilizing to support operations, even though the number of licensees has declined since the recession of 2008-2011. That ending balance has now been spent down and the 2015-17 legislatively approved budget resulted in an ending balance of 1.6 months of operating expenditures, less than the standard 3-6 months of operating expenditures. The agency has been communicating with stakeholders throughout the 2015-17 biennium in an effort to educate on why the fee increase is necessary, as well as attempting to gain support from licensees. In the mean-time, the agency has decamped to less expensive office space, and has reduced services and supplies expenditures by \$200,000 through relying exclusively electronic communication with licensees. If approved, SB 68

would generate approximately \$2.2 million in additional licensing revenue in the 17-19 and 19-21 biennia; fees at this level are anticipated to sustain agency operations at the current service level for approximately ten years, barring major changes in economic conditions.

#### Other Significant Issues and Background

The Real Estate Agency Request Budget includes a Revenue Reduction Option package which eliminates 6.00 FTE and \$1.3 million in Other Funds expenditure limitation to balance the agency's budget with existing revenue. The positions eliminated include two financial investigators, a program analyst, an operations and policy analyst, and two administrative support personnel.

The agency's only policy option package restores these positions and attendant services and supplies expenditures.