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BILL ANALYSIS

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House Bill 6267 (Substitute S-1 as reported)
Sponsor: Representative Rick Baxter
House Committee: Regulatory Reform
Senate Committee: Economic Development, Small Business and Regulatory Reform

CONTENT

The bill would amend the State License Fee Act to require the Department of Licensing and Regulation (DLEG), in conjunction with the Attorney General, to use the Real Estate Enforcement Fund for the investigation and enforcement of actions regarding unlicensed activity and real estate fraud.

Currently, DLEG must use the Fund for the enforcement of Part 25 of the Occupational Code (which regulates real estate salespeople and brokers) regarding unlicensed activity and to reimburse the Attorney General for expenses incurred in prosecuting unlicensed practice. The bill would delete that provision.

MCL 338.2203 & 338.2237

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would require that the Real Estate Enforcement Fund be administered by the Department of Labor and Economic Growth (DLEG) in conjunction with the Office of the Attorney General and would expand the uses of the Fund to include investigation and enforcement of real estate fraud.

The revenue to the Real Estate Enforcement Fund comes from \$15 of each license fee paid by real estate brokers, associate brokers, and salespeople. These license fees are paid on a three-year cycle. Over the three-year license cycle, revenue to the Fund is estimated at \$1.2 million. The current balance in the Fund is approximately \$1.8 million. No expenditures were made from the Fund through FY 2005-06. Under current law, the Fund may be used to investigate and enforce cases of unlicensed practice and to reimburse the Attorney General for the cost of prosecution of these cases. In FY 2006-07, the budget for the Office of the Attorney General includes \$226,000 and 2.0 FTEs supported by the Real Estate Enforcement Fund. Expanding the use of the Fund to include investigation and enforcement of real estate fraud could increase the use of this Fund.

Date Completed: 12-11-06

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