

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5191 SB	<b>Title:</b> Real estate agency
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Licensing	0	0	21,000	0	0	0	0	0	0
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>21,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	Fiscal note not available					
Loc School dist-SPI						
Local Gov. Other						
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Administrative Office of the Courts	Fiscal note not available											
Department of Licensing	.0	0	0	21,000	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>21,000</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	Fiscal note not available								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	Fiscal note not available								
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	Fiscal note not available								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

## Estimated Capital Budget Breakout

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<b>Prepared by:</b> Kyle Siefering, OFM	<b>Phone:</b> (360) 995-3825	<b>Date Published:</b> Preliminary
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5191 SB	<b>Title:</b> Real estate agency	<b>Agency:</b> 240-Department of Licensing
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Real Estate Commission Account-State 026-1	21,000		21,000		
<b>Total \$</b>	21,000		21,000		

### Estimated Operating Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
Real Estate Commission Account-State 026-1	21,000	0	21,000	0	0
<b>Total \$</b>	21,000	0	21,000	0	0

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/19/2023
Agency Preparation: Gina Rogers	Phone: 360-634-5036	Date: 01/24/2023
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 01/24/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 01/24/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

See attached fiscal note

### II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

See attached fiscal note

### II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

See attached fiscal note

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
026-1	Real Estate Commission Account	State	21,000	0	21,000	0	0
<b>Total \$</b>			21,000	0	21,000	0	0

### III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services	21,000		21,000		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	21,000	0	21,000	0	0

**III. C - Operating FTE Detail:** FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

### III. D - Expenditures By Program (optional)

NONE

## **Part IV: Capital Budget Impact**

### **IV. A - Capital Budget Expenditures**

NONE

### **IV. B - Expenditures by Object Or Purpose**

NONE

### **IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

### **IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

See attached fiscal note

# Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: SB 5191

Bill Title: Reforming the real estate agency law

**Part 1: Estimates**

No Fiscal Impact

**Estimated Cash Receipts:**

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Real Estate Commission	026	21,000	-	21,000	-	-
<b>Account Totals</b>		<b>21,000</b>	<b>-</b>	<b>21,000</b>	<b>-</b>	<b>-</b>

**Estimated Expenditures:**

		FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years		-	-	-	-	-
Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Real Estate Commission	026	21,000	-	21,000	-	-
<b>Account Totals</b>		<b>21,000</b>	<b>-</b>	<b>21,000</b>	<b>-</b>	<b>-</b>

*The revenue and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions.

- If the fiscal impact is **less than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- If fiscal impact is **greater than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone: (360)	Date:
Agency Preparation: Gina Rogers	Phone: (360) 634-5036	Date: 1-23-23
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date:

Request #	1
Bill #	5191 SB

## **Part 2 – Explanation**

This bill sets new requirements for real estate brokers, managing brokers, and firms related to agency agreements.

### **2.A – Brief Description Of What The Measure Does That Has Fiscal Impact**

#### Sec. 1 – Amends RCW 18.86.010

- Makes definition adjustments and adds definitions for “brokerage services agreement” and “commercial real estate”
- Removes the “subagent” definition

#### Sec. 2 – Amends RCW 18.86.020

- (1)(b) removes language that identifies broker’s who enter into a subagency agreement with a seller’s agent’s firm as a seller’s agent
- (2)(a) requires firms to enter into a services agreement with the principal before its appointed broker begins their services
  - (b) provides specifics that must be included in the services agreement
- (3) states services agreements aren’t required when broker’s perform services as a buyer’s agent solely for commercial real estate
- Removes redundant language regarding dual agents obtaining consent and brokers working with a party in separate transactions

#### Sec. 3 – Amends RCW 18.86.030

- (1)(f)(ii) requires brokers to provide pamphlets to any party not represented by a broker in a transaction before they sign an offer
  - (g)(ii) requires brokers to disclose any compensation offered by a party/firm to a firm representing another party

#### Sec. 4 – Amends RCW 18.86.040

- Makes minor language changes

#### Sec. 5 – Amends RCW 18.86.050

- (1)(e)(ii) removes language that buyer’s agents are not required to show properties that have no written agreement for compensation

#### Sec. 6 – Amends RCW 18.86.060

- (2)(f)(ii) removes language that buyer’s agents are not required to show properties that have no written agreement for compensation
- (5) provides that in transactions where different brokers affiliated with the same firm represent different parties, the firm’s designated broker and any managing broker responsible for the supervision of both brokers, is a limited dual agent
  - In this case, each appointed broker must solely represent the party with whom they have an agency relationship

#### Sec. 7 – Amends RCW 18.86.070

- Makes minor language changes

Sec. 8 – Amends RCW 18.86.080

- (7) requires real estate firms to have a services agreement if they are to receive compensation from rendering real estate brokerage services from any party/firm
  - Provides specifics that must included in the agreement
- (8) if a broker is rendering services to a buyer solely for commercial real estate, they may disclose in writing the sources/amounts of any compensation they have or expect to receive from any party of the transaction (in lieu of obtaining a services agreement)
- (9) provides instances where firms may receive compensation without a servcies agreement

Sec. 9 – Amends RCW 18.86.090

- (2) removes language related to a broker’s liability

Sec. 10 – Amends RCW 18.86.100

- (2) removes language that brokers don’t have knowledge of facts known by a subagent unless agreed to in writing

Sec. 11 – Amends RCW 18.86.120

- Provides new specifications for the pamphlet required under RCW 18.86.030(1)(f)

**2.B - Cash receipts Impact**

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Real Estate Commission	026	21,000	-	21,000	-	-
<b>Account Totals</b>		<b>21,000</b>	<b>-</b>	<b>21,000</b>	<b>-</b>	<b>-</b>

**2.C – Expenditures**

Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Real Estate Commission	026	21,000	-	21,000	-	-
<b>Account Totals</b>		<b>21,000</b>	<b>-</b>	<b>21,000</b>	<b>-</b>	<b>-</b>

Information Services will Implement:

- Add, update, and inactivate ordinance records to align with state laws and rules.
- Update Real Estate Audit checklist.

**Information Services:**

The agency will use appropriated funds to hire contract programmers to accomplish this work or to support current staff implementing this legislation within the required timeline. Appropriated funds may also be used to hire agency temporary staff to support permanent staff assigned to this legislative effort.

Any change requires a process to ensure changes are correctly applied to the system. This involves Project Managers that manage the team that completes the update, business analyst that documents and reviews the system changes, architect services that analyzes how the update could have an effect on other systems or DOL processes, developers who create the change, and testers and quality assurance teams that ensure the update is working correctly.



Cost Category	Description	Rate	2024	2025	2026	2027	2028	2029	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 22,620	4,500	-	-	-	-	-	4,500
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 16,530	1,700	-	-	-	-	-	1,700
PROJECT MANAGER	Manage schedule and contracts	\$ 28,710	2,900	-	-	-	-	-	2,900
SECURITY AND ARCHITECT SERVICES	Create the conceptual model that defines the structure, behavior and framework of a computerized system including a breakdown of the system into components, the component interactions and interfaces (including with the environment, especially the user), and the technologies and resources to be used in the design.	\$ 16,530	1,700	-	-	-	-	-	1,700
Trainer	Trains business partners and employees in new system processes and capabilities.	\$ 22,620	2,300	-	-	-	-	-	2,300
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ 25,474	1,300	-	-	-	-	-	1,300
<b>Totals</b>			<b>14,400</b>	-	-	-	-	-	<b>14,400</b>

**Assumptions:**

- All violations related to an Inspection/Audit will report on existing audit result letters
- No new letters or reports

**Project Duration:** 1 month

**Effective Date:** 90 Days Sine Die

The system changes identified above impact an existing Commercial Off the Shelf (COTS) product and require modifications by the vendor. The design, development and configuration services are estimated to cost \$5,000.

**Support Services:**

Agency Administrative Overhead is included at a rate of 23.4 percent of the direct program costs. This funding received covers agency-wide functions such as vendor payments, contract administration, financial management, mail processing, equipment management, help desk support, and technical assistance to DOL employees.

**Part 3 – Expenditure Detail**

**3.A – Operating Budget Expenditures**

Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Real Estate Commission	026	21,000	-	21,000	-	-
<b>Account Totals</b>		<b>21,000</b>	<b>-</b>	<b>21,000</b>	<b>-</b>	<b>-</b>

**3.B – Expenditures by Object or Purpose**

Object of Expenditure	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Goods and Services	21,000	-	21,000	-	-
<b>Total By Object Type</b>	<b>21,000</b>	<b>-</b>	<b>21,000</b>	<b>-</b>	<b>-</b>

### **3.C – FTE Detail**

None.

### **Part 4 – Capital Budget Impact**

None.

### **Part 5 – New Rule Making Required**

To implement this legislation, a one-time assessment would need to be added to licenses that are funded with dedicated funds, equal to the costs contained in the expenditure section of this fiscal note. The cost allocation model applied to current expenditures is used to establish the revenue breakdown. For efficiency purposes, the department will add inclusion of this one-time assessment per license, to a planned fee rulemaking process in the spring of 2024, with any fee proposed increases to go into effect in June 2024.