

Fiscal Estimate Narratives

DWD 1/22/2016

LRB Number	15-3651/1	Introduction Number	SB-375	Estimate Type	Original
Description Various changes regarding the laws governing real estate practice, employment relationships between real estate licensees and real estate brokerage firms, a statute of limitations for actions against persons engaged in real estate practice, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

The law establishes a new, dual status of employee and independent contractor for certain employees. This new and unique employee status will require more action by UI to ensure compliance with the new regulations.

The Division of Unemployment Insurance estimates there to be approximately 1,300 employers that would enter into written dual status agreements with real estate brokers. This would require an additional 433 Unemployment Insurance audits performed annually. That would require 5 additional field auditors at an annual cost of \$667,000.

The addition of dual status as an independent contractor and employee will cause these investigations to be more time consuming than current similar investigations. To facilitate these investigations, minimal computer system changes would be required. These would require 30 hours of IT work at a cost of \$2,550.

This law will have no fiscal implications for the Workers Compensation Division. It is estimated that the increase of 5 or less litigated cases per year will be absorbed by the Division's current budget.

The law will end exclusive remedy protection for the real estate firm in the event of a work-related injury sustained by a licensee (real estate broker and salesperson). With no exclusive remedy protection real estate broker business entity firms will be subject to civil actions in tort for damages by brokers and salespersons for work-related injury and/or death.

Long-Range Fiscal Implications

5 additional field auditors in the Division of Unemployment Insurance in the Department of Workforce Development at an annual cost of \$667,000.

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The addition of dual status as an independent contractor and employee will cause these investigations to be more time consuming than current similar investigations. To facilitate these investigations, minimal computer system changes would be required. These would require 30 hours of IT work at a cost of \$2,550.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$667,000	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$667,000	\$
B. State Costs by Source of Funds		
GPR		
FED	667,000	
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$667,000	\$
NET CHANGE IN REVENUE	\$	\$

Agency/Prepared By	Authorized Signature	Date
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