

### Fiscal Estimate - 2017 Session

Original       Updated       Corrected       Supplemental

LRB Number **17-2130/1**      Introduction Number **SB-520**

**Description**  
 licensure of professional leasing and renting agents and granting rule-making authority

**Fiscal Effect**

**State:**

No State Fiscal Effect

Indeterminate

Increase Existing Appropriations       Increase Existing Revenues       Increase Costs - May be possible to absorb within agency's budget

Decrease Existing Appropriations       Decrease Existing Revenues       Yes       No

Create New Appropriations       Decrease Costs

**Local:**

No Local Government Costs

Indeterminate

1.  Increase Costs      3.  Increase Revenue

Permissive  Mandatory       Permissive  Mandatory

2.  Decrease Costs      4.  Decrease Revenue

Permissive  Mandatory       Permissive  Mandatory

5. Types of Local Government Units Affected

Towns       Village       Cities

Counties       Others

School Districts       WTCS Districts

**Fund Sources Affected**      **Affected Ch. 20 Appropriations**

GPR     FED     PRO     PRS     SEG     SEGS 20.165(1)(g)

Agency/Prepared By	Authorized Signature	Date
DSPS/ Andrew Potts (608) 267-1811	Kirsten Reader (608) 267-2435	11/15/2017

## Fiscal Estimate Narratives

DSPS 11/15/2017

LRB Number	17-2130/1	Introduction Number	SB-520	Estimate Type	Original
<b>Description</b> licensure of professional leasing and renting agents and granting rule-making authority					

### Assumptions Used in Arriving at Fiscal Estimate

The bill would create a new license of professional leasing and renting agent. Under the bill, a person may only engage in professional leasing and renting if the person is licensed as a professional leasing and renting agent.

The 2016 American Community Survey produced by the US Census Bureau estimates that Wisconsin has 775,766 rental dwelling units. Of these, approximately 44.8 percent are one- and two-dwelling units, 24.3 percent are three- to nine-unit buildings and 31.0 percent are ten or more unit buildings. For this estimate, the department assumes that there would be one professional leasing and renting agent for every ten rental dwelling units. This would result in approximately 77,500 licensed professional leasing and renting agents that would need to be licensed by the Real Estate Examining Board.

The bill would also add one licensed professional leasing and renting agent each to both the Real Estate Examining Board and the Council on Real Estate Curriculum and Examinations.

### Ongoing Costs

License applications must be processed by the department's Division of Professional Credential Processing. For this estimate, the department assumes that it would take a License Permit Program Associate approximately 24 minutes to process a new application and four minutes to process a renewal application. It is likely that some applications would require legal interpretation that would be performed by departmental staff; however, the department has no way of determining the percentage of applications that would require legal review. After the initial post-enactment credentialing period, the department estimates that it would receive 6,000 new applications per year and 65,500 renewals every two years. Based on this workload, the department would need 3.0 FTE License Permit Program Associates on an ongoing basis, at a cost of approximately \$143,300 in salary and fringe benefits.

License payments must be receipted, deposited and allocated by the department's fiscal processing staff. Fiscal staff are also responsible for refunding any overpayments to applicants. It takes a Financial Specialist approximately two minutes to process a payment. At that rate, the department would require an additional 1.0 FTE Financial Specialist to process the additional payments generated under the bill, at a cost of approximately \$59,200 in salary and fringe benefits.

Any complaints against professional leasing and renting agents would be investigated by the department's Division of Legal Services and Compliance. The department estimates that the bill would generate an additional 300 consumer complaints per year, with 100 of those complaints warranting a full investigation and 35 resulting in disciplinary orders. To process and investigate the complaints, the department would require an additional 0.43 FTE Operations Program Associate, 0.36 FTE Consumer Protection Investigator, 0.31 FTE Attorney and 0.25 FTE Paralegal. To complete the intake, investigation and prosecution of complaints would require an additional 380 hours of existing staff time. Based on these operational needs, the department estimates costs of approximately \$84,400 in salary and fringe benefits. Additionally, the division would incur \$1,500 annually in supplies and services costs related to the generation and storage of case files, as well as other miscellaneous costs.

The addition of one licensed professional leasing and renting agent each to both the Real Estate Examining Board and the Council on Real Estate Curriculum and Examinations, would generate an additional \$1,200 in ongoing expenses related to staff time, IT support, per diems and travel reimbursements.

Total annual ongoing expenses for the bill are estimated at \$289,600. The department would need an additional 5.35 FTE permanent positions.

### One-time Costs

The department would have one-time costs associated with: 1) creating a new credential in the Integrated Credentialing and Enforcement (ICE) system database; 2) updating statutes and administrative rules in the ICE database system; 3) updating the online renewal system; 4) updating the department's website; 5) creating new credentialing forms; 6) setting-up procedures for the processing of applications; 7) training credentialing and call center staff on the new procedures; and, 8) drafting administrative rules. These one-time costs are estimated at \$15,500.

The department would also be responsible for processing approximately 77,500 initial applications during the post-enactment period. Assuming that the 3.0 FTE permanent License Permit Program Associates are utilized to process the initial post-enactment applications, the department would require an additional 11.9 FTE one-year project License Permit Program Associates positions. Salary and fringe benefits for these positions would be approximately \$568,300.

The total one-time costs are estimated at \$583,800.

### Revenues

Under the bill, the department would establish a credentialing fee for professional leasing and renting agents via the biennial fee study required by s. 440.03(9)(a). Prior to the completion of the biennial fee the department would charge \$75.00 initial credentialing fee. Assuming 77,500 applicants, the bill would generate approximately \$5.8 million in additional revenue. The department is required to lapse ten percent of fee revenues to the general fund as GPR-E, approximately \$581,250. Until the completion of the biennial fee study, the department is unable to estimate ongoing revenues.

The bill establishes an examination for professional leasing and renting agents. Under s. 440.05(1)(b) the examination fees, "shall be an amount equal to the department's best estimate of the actual cost of preparing, administering, or grading the examination." The department is unable to estimate these costs and revenues at this time, although it is assumed that they would be revenue neutral.

The receipts would be deposited into the appropriation under s. 20.165(1)(g), an PR annual appropriation. While the bill allows the department to collect the additional revenue, it does not increase expenditure authority nor position authority under s. 20.165(1)(g); therefore, the department is unable to absorb these costs within its budget.

### **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>Description</b> licensure of professional leasing and renting agents and granting rule-making authority		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
Total one-time costs are estimated at \$583,800. The bill would require an additional 11.9 FTE project positions to implement. The bill would generate an estimated \$5,231,250 PR-O and \$581,250 GPR-E.		
<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs      Decreased Costs	
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$287,000	\$
(FTE Position Changes)	(5.4 FTE)	
State Operations - Other Costs	2,600	
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$289,600</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS (s.20.165(1)(g))	289,600	
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS (s.20.165(1)(g))		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$289,600	\$
NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
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