

Legislative Analysis



USE REAL ESTATE ENFORCEMENT FUND TO INVESTIGATE REAL ESTATE FRAUD

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6267

Sponsor: Rep. Rick Baxter

Committee: Regulatory Reform

Complete to 9-11-06

A REVISED SUMMARY OF HOUSE BILL 6267 AS INTRODUCED 6-22-06

Under the State License Fee Act, \$15 of each license fee paid by real estate brokers and real estate salespersons is deposited into the Real Estate Enforcement Fund. Currently, the Fund is to be used by the Department of Labor and Economic Growth only for enforcing prohibitions against unlicensed activity found in the Occupational Code. House Bill 6267 would amend the act to allow the Department of Attorney General to use the Fund only for the investigation and enforcement of actions regarding unlicensed activity and real estate fraud.

MCL 338.2203 and 2237

FISCAL IMPACT:

This bill would require additional investigators to be hired. Since no existing real estate fees are increased and no new fees added, the fund source would be the Real Estate Enforcement Fund balance, which is approximately \$1.2 million. However, FY 2006 revenue collections for this fund are expected to be less than \$75,000.00. The source of this revenue is real estate licensing fees imposed on real estate brokers and sales persons. A portion of these fees is deposited into the Real Estate Enforcement Fund on a 3-year cycle. The next large deposit is expected to be approximately \$1.1 million during next three months. After that, annual revenue will again decline to less than \$100,000.00 annually for the subsequent three years. Therefore, depending on the number of investigators hired and the associated support staff and office space, the current fund balance could be significantly reduced over the next several years.

Legislative Analyst: Chris Couch

Fiscal Analyst: Richard Child

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