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BILL ANALYSIS

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House Bill 6267 (as passed by the House)  
Sponsor: Representative Rick Baxter  
House Committee: Regulatory Reform  
Senate Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 12-6-06

### **CONTENT**

The bill would amend the State License Fee Act to require the Department of Attorney General to use the Real Estate Enforcement Fund for the investigation and enforcement of actions regarding unlicensed activity and real estate fraud.

The Act requires the Department of Labor and Economic Growth to 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.

Currently, the fees prescribed by the Act must be used only to offset the cost of operating the Department. Under the bill, this would apply except as otherwise provided for in Section 37 (the section creating the Real Estate Enforcement Fund).

MCL 338.2203 & 338.2237

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bill would transfer control of the Real Estate Enforcement Fund from the Department of Labor and Economic Growth (DLEG) to the Office of the Attorney General and 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 from each license fee paid by real estate brokers, associate brokers, and salespersons. 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 have been made from the Fund. 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. According to DLEG staff, there have been fewer than 10 complaints per year of unlicensed practice. Expanding the use of the Fund to include investigation and enforcement of real estate fraud could increase the use of this Fund. The office of the Attorney General could have additional expenses that would include both investigations and prosecutions of such cases. These expenses could be reimbursed by the Fund.

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