

HOUSE BILL REPORT

HB 1184

As Reported By House Committee On:
Commerce & Labor
Appropriations

Title: An act relating to real estate research.

Brief Description: Promoting cooperative real estate research.

Sponsors: Representatives Kenney, Carlson, Schoesler, Ogden, Edmonds and Esser.

Brief History:

Committee Activity:

Commerce & Labor: 1/27/99, 2/1/99, 2/23/99 [DPS];
Appropriations: 3/5/99, 3/6/99 [DP2S(w/o sub CL)].

Brief Summary of Second Substitute Bill

- Establishes a \$10 assessment on real estate licensees to support a research center for real estate research beginning October 1, 1999.
- Directs the Department of Licensing to provide funding through a newly created Washington Real Estate Research Account to an institution of higher education for the purpose of real estate research.
- Terminates the fee assessment and account on September 30, 2005.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Clements, Republican Co-Chair; Conway, Democratic Co-Chair; B. Chandler, Republican Vice Chair; Wood, Democratic Vice Chair; Hurst; Lisk and McMorris.

Minority Report: Do not pass. Signed by 1 member: Representative McIntire.

Staff: Pam Madson (786-7166).

Background: The Washington Center for Real Estate Research was established in 1989, by the Washington State University Board of Regents to provide continuing research, education and technical assistance to licensed real estate brokers and sales persons, educational institutions, state and local governments, the real estate industry, and the general public. The center has been supported by money from Washington State University, the Washington Real Estate Commission, and other individuals and organizations.

For the 1997-99 biennium, the center is operating under an agreement with the Department of Licensing totaling \$250,000. This money comes from the Real Estate Education Account that is funded by interest earned on real estate brokers' trust accounts. The designated purpose of this account is to carry out educational programs for real estate licensees. The 1997-99 biennial appropriation to the Department of Licensing from the Real Estate Education Account was \$660,000.

Real estate brokers and salespersons pay license fees upon qualification that are renewable every two years. The original license fee for brokers is \$160 and for salespersons, is \$100. License fee amounts are the same for renewal. For 1998, there were 8,120 active licensed brokers and 2,688 inactive licensees. Salespersons numbered 18,164 active licensees and 14,780 inactive licensees.

Summary of Substitute Bill:

Individuals who obtain a real estate broker or salesperson's license or who renew their license after October 1, 1999, must pay a fee of \$10. The fee is deposited in the newly created Washington Real Estate Research Account. Expenditures from the account may be used only to support a real estate research center in Washington. The account is subject to appropriation.

The director of the Department of Licensing must engage, through a memorandum of understanding, an institution of higher education that establishes a real estate research center. The center must provide credible research and educational services to licensees, consumers, the industry, institutional customers, public agencies, and local communities. It must also support professional development and education of real estate licensees, provide expertise to the Real Estate Commission, and report annually on the expenditures supported by public funds.

The \$10 license fee assessment and the Washington Real Estate Research Account expire September 30, 2005.

Substitute Bill Compared to Original Bill: The \$10 fee added to all new and renewed real estate licenses is imposed as of October 1, 1999, rather than July 1, 1999. The fee and the account expire on September 30, 2005, rather than June 30,

2005. The emergency clause is deleted. The Washington Real Estate Research Account is changed from a nonappropriated account to an appropriated account. Research and study of affordable housing is added to the possible activities of the Real Estate Research Center.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: (Original bill) In 1989, the Washington Center for Real Estate Research was created at the request of the real estate industry. The center has a board of trustees with one-half of the membership made up of real estate licensees and the remainder are members from the industry. It is patterned after the real estate research center in Hawaii. The research involves issues of interest to the industry and the public. The center is also a source of information for people who want to start a new business. The center has been funded from the real estate education account. The account receives interest from real estate brokers' trust accounts. Fewer licensees are finding it necessary to maintain trust accounts and the funding source is declining. A similar bill passed the Legislature in 1998 and was vetoed by Governor Locke because the bill established a specific center at Washington State University. This bill does not specify a particular location or institution.

Testimony Against: None.

Testified: Glen Hudson, Washington Association of Realtors; Bob Mitchell, Department of Licensing, Real Estate Program; Van Anderson, Vice Chair, Washington Real Estate Commission; Glen Crellin, Washington Center for Real Estate Research; and Larry Ganders, Washington State University

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Commerce and Labor. Signed by 28 members: Representatives Huff, Republican Co-Chair; H. Sommers, Democratic Co-Chair; Alexander, Republican Vice Chair; Doumit, Democratic Vice Chair; D. Schmidt, Republican Vice Chair; Barlean; Benson; Boldt; Carlson; Clements; Cody; Crouse; Grant; Kagi; Keiser; Kenney; Lambert; Linville; Lisk; Mastin; McMorris; Mulliken; Parlette; Regala; Rockefeller; Ruderman; Sullivan and Wensman.

Minority Report: Do not pass. Signed by 3 members: Representatives Gombosky; McIntire and Tokuda.

Staff: Mark Matteson (786-7145).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Commerce & Labor: The annual reporting requirement for the Real Estate Research Center is removed.

Appropriation: None.

Fiscal Note: Available on original bill. Update requested for first substitute bill on March 5, 1999.

Effective Date of Second Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: (Substitute bill) This bill would provide a needed new revenue stream, as the existing funding source is declining. Washington State University is one of five universities with a real estate research program, which provides value to the industry and consumers. The Real Estate Commission has supported the activities of the Washington State University center for some time.

Testimony Against: None.

Testified: Glen Hudson, Washington Association of Realtors; Bob Mitchell, Department of Licensing, Real Estate Program; and Larry Ganders, Washington State University.