

Multiple Agency Fiscal Note Summary

Bill Number: 5191 S SB AMH CPB H1719.1	Title: Real estate agency
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Licensing	0	0	25,000	0	0	0	0	0	0
Total \$	0	0	25,000	0	0	0	0	0	0

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	No fiscal impact					
Loc School dist-SPI						
Local Gov. Other						
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Administrative Office of the Courts	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Licensing	.0	0	0	25,000	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	25,000	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

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Prepared by: Kyle Siefering, OFM	Phone: (360) 995-3825	Date Published: Final 4/ 3/2023
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Judicial Impact Fiscal Note

Bill Number: 5191 S SB AMH CPB H1719.1	Title: Real estate agency	Agency: 055-Administrative Office of the Courts
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note for Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.

Contact	Phone:	Date: 03/28/2023
Agency Preparation: Angie Wirkkala	Phone: 360-704-5528	Date: 03/30/2023
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 03/30/2023
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 04/03/2023

187,123.00

Request # 266-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

The striking amendment would have no fiscal impact.

This bill would amend RCW 18.86 to reform the real estate brokerage services and provides an effective date.

II. B - Cash Receipts Impact

None

II. C - Expenditures

No fiscal impact is expected to the Administrative Office of the Courts or the courts.

The bill will require written brokerage service agreements, improve consumer disclosures, and provide that certain legal duties of brokers apply to all parties in the transaction.

Part III: Expenditure Detail

III. A - Expenditure By Object or Purpose (State)

NONE

III. B - Expenditure By Object or Purpose (County)

NONE

III. C - Expenditure By Object or Purpose (City)

NONE

III. D - FTE Detail

NONE

III. E - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B1 - Expenditures by Object Or Purpose (State)

NONE

IV. B2 - Expenditures by Object Or Purpose (County)

NONE

IV. B3 - Expenditures by Object Or Purpose (City)

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

187,123.00

Form FN (Rev 1/00)

Individual State Agency Fiscal Note

Bill Number: 5191 S SB AMH CPB H1719.1	Title: Real estate agency	Agency: 240-Department of Licensing
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Real Estate Commission Account-State 026-1	25,000		25,000		
Total \$	25,000		25,000		

Estimated Operating Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
Real Estate Commission Account-State 026-1	25,000	0	25,000	0	0
Total \$	25,000	0	25,000	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 03/28/2023
Agency Preparation: Deb Williams	Phone: 360-902-0015	Date: 04/03/2023
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 04/03/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 04/03/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Please see attached fiscal note.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Please see attached fiscal note.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Please see attached fiscal note.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
026-1	Real Estate Commission Account	State	25,000	0	25,000	0	0
Total \$			25,000	0	25,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services	25,000		25,000		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	25,000	0	25,000	0	0

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Please see attached fiscal note.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Please see attached fiscal note.

Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: SSB 5191 AMH Bill Title: Reforming the real estate agency law
 CPB H1719.1

Part 1: Estimates

No Fiscal Impact

Estimated Cash Receipts:

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Real Estate Commission	026	25,000	-	25,000	-	-
Account Totals		25,000	-	25,000	-	-

Estimated Expenditures:

		FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years		-	-	-	-	-
Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Real Estate Commission	026	25,000	-	25,000	-	-
Account Totals		25,000	-	25,000	-	-

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions.

- If the fiscal impact is **less than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- If fiscal impact is **greater than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone: (360)	Date:
Agency Preparation: Deb Williams	Phone: (360) 634-5083	Date: 3/31/2023
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date:

Request #	1
Bill #	SSB 5191 AMH CPB H1719.1

Part 2 – Explanation

This bill sets new requirements for real estate brokers, managing brokers, and firms related to agency agreements.

SSB 5191 changes the effective date to January 1, 2024, rather than 90 days after the adjournment of session.

SSB 5191 AMH CPB H1719.1

- Sets a default 60-day term of services agreement between a broker and buyer, but allows the buyer to enter a longer term agreement.
- Requires the services agreement to include checkbox options for the buyer to select whether the broker relationship is exclusive or nonexclusive
- Requires brokers to obtain acknowledgment from the other party that they have received the WA Real Estate Agency pamphlet
- Adds a description of exclusive/nonexclusive agency relationships to the pamphlet

These changes will require additional updates to DOL's real estate audit checklist which increases the previous fiscal estimate.

2.A – Brief Description Of What The Measure Does That Has Fiscal Impact

Sec. 1 – Amends RCW 18.86.010

- Makes definition adjustments and adds definitions for “brokerage services agreement” and “commercial real estate”
- Removes the “subagent” definition

Sec. 2 – Amends RCW 18.86.020

- (1)(b) removes language that identifies brokers who enter into a subagency agreement with a seller's agent's firm as a seller's agent
- (2)(a) requires firms to enter into a services agreement with the principal before its appointed broker begins their services
 - (b) provides specifics that must be included in the services agreement
- (3) states services agreements aren't required when broker's perform services as a buyer's agent solely for commercial real estate
- Removes redundant language regarding dual agents obtaining consent and brokers working with a party in separate transactions

Sec. 3 – Amends RCW 18.86.030

- (1)(f)(ii) requires brokers to provide pamphlets to any party not represented by a broker in a transaction before they sign an offer
 - (g)(ii) requires brokers to disclose any compensation offered by a party/firm to a firm representing another party

Sec. 4 – Amends RCW 18.86.040

- Makes minor language changes

Sec. 5 – Amends RCW 18.86.050

- (1)(e)(ii) removes language that buyer’s agents are not required to show properties that have no written agreement for compensation

Sec. 6 – Amends RCW 18.86.060

- (2)(f)(ii) removes language that buyer’s agents are not required to show properties that have no written agreement for compensation
- (5) provides that in transactions where different brokers affiliated with the same firm represent different parties, the firm’s designated broker and any managing broker responsible for the supervision of both brokers, is a limited dual agent
 - In this case, each appointed broker must solely represent the party with whom they have an agency relationship

Sec. 7 – Amends RCW 18.86.070

- Makes minor language changes

Sec. 8 – Amends RCW 18.86.080

- (7) requires real estate firms to have a services agreement if they are to receive compensation from rendering real estate brokerage services from any party/firm
 - Provides specifics that must be included in the agreement
- (8) if a broker is rendering services to a buyer solely for commercial real estate, they may disclose in writing the sources/amounts of any compensation they have or expect to receive from any party of the transaction (in lieu of obtaining a services agreement)
- (9) provides instances where firms may receive compensation without a services agreement

Sec. 9 – Amends RCW 18.86.090

- (2) removes language related to a broker’s liability

Sec. 10 – Amends RCW 18.86.100

- (2) removes language that brokers don’t have knowledge of facts known by a subagent unless agreed to in writing

Sec. 11 – Amends RCW 18.86.120

- Provides new specifications for the pamphlet required under RCW 18.86.030(1)(f)

2.B - Cash receipts Impact

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Real Estate Commission	026	25,000	-	25,000	-	-
Account Totals		25,000	-	25,000	-	-

2.C – Expenditures

Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Real Estate Commission	026	25,000	-	25,000	-	-
Account Totals		25,000	-	25,000	-	-

Information Services will Implement:

- Add, update, and inactivate ordinance records to align with state laws and rules.
- Update Real Estate Audit checklist.

Information Services:

The agency will use appropriated funds to hire contract programmers to accomplish this work or to support current staff implementing this legislation within the required timeline. Appropriated funds may also be used to hire agency temporary staff to support permanent staff assigned to this legislative effort.

Any change requires a process to ensure changes are correctly applied to the system. This involves Project Managers that manage the team that completes the update, business analyst that documents and reviews the system changes, architect services that analyzes how the update could influence other systems or DOL processes, developers who create the change, and testers and quality assurance teams that ensure the update is working correctly.

Cost Category	Description	Rate	2024	2025	2026	2027	2028	2029	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 22,620	4,500	-	-	-	-	-	4,500
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 16,530	1,700	-	-	-	-	-	1,700
PROJECT MANAGER	Manage schedule and contracts	\$ 28,710	2,900	-	-	-	-	-	2,900
SECURITY AND ARCHITECT SERVICES	Create the conceptual model that defines the structure, behavior and framework of a computerized system including a breakdown of the system into components, the component interactions and interfaces (including with the environment, especially the user), and the technologies and resources to be used in the design.	\$ 16,530	1,700	-	-	-	-	-	1,700
Trainer	Trains business partners and employees in new system processes and capabilities.	\$ 22,620	2,300	-	-	-	-	-	2,300
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ 25,474	1,300	-	-	-	-	-	1,300
Totals			14,400	-	-	-	-	-	14,400

Assumptions:

- All violations related to an Inspection/Audit will report on existing audit result letters
- No new letters or reports

Project Duration: 1 month

Effective Date: January 1, 2024

The system changes identified above impact an existing Commercial Off the Shelf (COTS) product and require modifications by the vendor. The design, development and configuration services are estimated to cost \$5,000.

Support Services:

Agency Administrative Overhead is included at a rate of 23.4 percent of the direct program costs. This funding received covers agency-wide functions such as vendor payments, contract administration, financial management, mail processing, equipment management, help desk support, and technical assistance to DOL employees.

Part 3 – Expenditure Detail

3.A – Operating Budget Expenditures

Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Real Estate Commission	026	25,000	-	25,000	-	-
Account Totals		25,000	-	25,000	-	-

3.B – Expenditures by Object or Purpose

Object of Expenditure	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Goods and Services	25,000	-	25,000	-	-
Total By Object Type	25,000	-	25,000	-	-

3.C – FTE Detail

None.

Part 4 – Capital Budget Impact

None.

Part 5 – New Rule Making Required

To implement this legislation, a one-time assessment would need to be added to licenses that are funded with dedicated funds, equal to the costs contained in the expenditure section of this fiscal note. The cost allocation model applied to current expenditures is used to establish the revenue breakdown. For efficiency purposes, the department will add inclusion of this one-time assessment per license, to a planned fee rulemaking process in the spring of 2024, with any fee proposed increases to go into effect in June 2024.