

## State Real Estate Department

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DESCRIPTION	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 JLBC	FY 2009 JLBC
<b>OPERATING BUDGET</b>				
<i>Full Time Equivalent Positions</i>	65.4	65.4	65.4	65.4
Personal Services	2,258,700	2,523,600	2,523,600	2,523,600
Employee Related Expenditures	753,000	898,100	898,100	898,100
Professional and Outside Services	59,900	24,500	24,500	24,500
Travel - In State	42,300	32,900	32,900	32,900
Travel - Out of State	8,900	6,000	6,000	6,000
Other Operating Expenditures	491,600	421,600	384,200	384,200
Equipment	101,300	80,000	80,000	80,000
<b>AGENCY TOTAL</b>	<b>3,715,700</b>	<b>3,986,700</b>	<b>3,949,300</b>	<b>3,949,300</b>

### FUND SOURCES

General Fund	3,715,700	3,986,700	3,949,300	3,949,300
<b>SUBTOTAL - Appropriated Funds</b>	<b>3,715,700</b>	<b>3,986,700</b>	<b>3,949,300</b>	<b>3,949,300</b>
Other Non-Appropriated Funds	515,200	232,100	232,100	232,100
<b>TOTAL - ALL SOURCES</b>	<b>4,230,900</b>	<b>4,218,800</b>	<b>4,181,400</b>	<b>4,181,400</b>

### CHANGE IN FUNDING SUMMARY

	FY 2007 to FY 2008 JLBC		FY 2007 to FY 2009 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	(37,400)	(0.9%)	(37,400)	(0.9%)
Total Appropriated Funds	(37,400)	(0.9%)	(37,400)	(0.9%)
Non Appropriated Funds	0	0.0%	0	0.0%
Total - All Sources	(37,400)	(0.9%)	(37,400)	(0.9%)

**AGENCY DESCRIPTION** — The department issues licenses for real estate, cemetery, and membership campground sales. The department also regulates the real estate industry, including licensees, developers, subdividers, and real estate schools. The department collects various filing and licensing fees, which are deposited into the state General Fund. The revenues derived from these fees are required by law to be between 95% and 110% of the department's state General Fund appropriation.

PERFORMANCE MEASURES	FY 2004	FY 2005	FY 2006	FY 2008
	Actual	Actual	Actual	JLBC
• Average days to issue a public report	35.5	60.7	61	60.0
• Average days from receipt to issuance of license reports	4.8	8.2	9.7	9.0
• % of surveys from licensees indicating "good" to "excellent" service	99.6	96.9	94.5	95.0
• Average days from receipt of complaint to resolution	141.3	181	137	130

Comments: The agency reports the average days from receipt of complaints to resolution dropped in FY 2006 due to improved investigative techniques and improved case management. New investigations have grown from 1,000 in FY 2004 to 1,619 in FY 2006.

**CHANGES FROM FY 2007**

**Operating Budget**

The JLBC includes \$3,949,300 and 65.4 FTE Positions from the General Fund for the operating budget in FY 2008 and FY 2009. This amount would fund the following adjustments:

		<u>FY 2008</u>	<u>FY 2009</u>
<b>Standard Changes</b>	<b>GF</b>	<b>\$(1,800)</b>	<b>\$(1,800)</b>

The JLBC includes a decrease of \$(1,800) from the General Fund in FY 2008 and FY 2009 for standard changes.

<b>One-Time AZNet</b>			
<b>Appropriation</b>	<b>GF</b>	<b>(35,600)</b>	<b>(35,600)</b>

The JLBC includes a decrease of \$(35,600) in FY 2008 and FY 2009 to reflect the one-time appropriation for AZNet telecommunications charges.

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**FORMAT** — Lump Sum by Agency

**FOOTNOTES**

*Deletion of Prior Year Footnotes*

The JLBC deletes the footnote regarding the \$333,300 appropriated in FY 2006 and the \$321,100 appropriated in FY 2007 from the General Fund to fill 8.5 vacant FTE Positions in the Licensing, Subdivision, Investigations, and Information Technology Divisions.

**STATUTORY CHANGES**

For FY 2008 and FY 2009, the JLBC would suspend the statutory requirement that fee revenue remain between 95% and 110% of the department's appropriation. The department is likely to collect fee revenue in excess of 110% of the budget in both fiscal years. Fee revenue is deposited into the General Fund. Without this provision, the department would have to lower its fees, which would result in a loss of General Fund revenue. In FY 2007, previous year's revenue relative to the department's appropriation equaled 149%. Projections for FY 2008 and FY 2009 are 165% and 182%, respectively.

SUMMARY OF FUNDS	FY 2006	FY 2007
	Actual	Estimate

<b>Education Revolving Fund</b> (REA4011/A.R.S. § 32-2107)	<b>Non-Appropriated</b>
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**Source of Revenue:** Sale of the department's educational publications, primarily the Real Estate Lawbook, as well as fines collected by the agency through the Accelerated Settlement Agreement (ASA) program initiated in FY 2006. ASAs facilitate the processing of minor and common real estate violations that real estate licensees opt not to contest, but rather pay a fine. Beginning FY 2007, the department shall deposit all monies collected from ASAs into the General Fund.

**Purpose of Fund:** To cover the department's costs of printing real estate regulation books and other public information publications, and to cover the department's costs for other educational efforts. All monies in excess of \$25,000 at the end of the fiscal year shall revert to the General Fund.

<b>Funds Expended</b>	375,700	121,500
<b>Year-End Fund Balance</b>	25,000	18,500

<b>Recovery Fund</b> (REA3119/A.R.S. § 32-2186)	<b>Non-Appropriated</b>
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**Source of Revenue:** A fee of \$20 for brokers and \$10 for salespersons, paid upon application for an original real estate or cemetery license. A surcharge on license renewals is assessed if the fund balance on June 30 of any year falls below \$600,000. The fund also consists of restitution paid by persons convicted of real estate fraud and ordered to repay a judgment awarded out of the Recovery Fund.

**Purpose of Fund:** To compensate persons who have been defrauded in a real estate transaction and subsequently suffered monetary losses. Those persons may seek a court order for an award from the Recovery Fund if the person who committed the fraud has no assets. Monies also provide for the department's cost of administering the fund.

<b>Funds Expended</b>	139,500	110,600
<b>Year-End Fund Balance</b>	1,164,100	1,226,000