

EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 3, 2017

Agency Submitting: Business and Industry, Real Estate Division

Items of Revenue or Expense, or Both	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Effect on Future Biennia
Category 01 - Personnel (Expense)		\$119,527	\$162,552	\$325,104
Category 04 - Operating (Expense)		\$13,269	\$5,563	\$11,126
Category 26 - Information Services (Expense)		\$53,571	\$6,575	\$13,150
Total	0	\$186,367	\$174,690	\$349,380

Explanation

(Use Additional Sheets of Attachments, if required)

BDR 10-992 (SB 438) will allow a "representative" as defined in NRS 119A.120 to associate with more than one Developer to induce people to attend sales presentations. The current process only allows a "representative" to be associated with a single developer. This change will necessitate additional licensing, compliance and administrative functions and will require the following resources:

1. Request new Administrative Assistant II (1 FTE). This new position will be in the licensing section to receive applications, upload the appropriate information into the propriety database (SOAR), process background checks, and issue registration(s). This position will also, generate application deficiency letters, generate queries and reports in the system and provide customer support. Budget Account 3823.
2. Request new Compliance/Audit Investigator II (1 FTE). This new position will be needed in the compliance section to oversee the increase in the number of developers associated with the representative. Consumer complaints will be addressed through a complaint process and will be managed by this position. Investigations if needed, will require creating a case file, documenting correspondence and maintaining a case log. Budget Account 3823.
3. A technology enhancement will be required to develop a workflow in the existing software, a custom report will need to be created with the appropriate parameters. Part of the enhancement will also require an increase in virtual storage for database records and document storage. These charges would be allocated to BA3823.
4. Request new Administrative Assistant II (0.5 FTE). This new 0.5 FTE position will be needed in the Administrative section to process fines, appeals and maintain report(s) of delinquent registrations. Any disciplinary actions by the Commission or the Administrator would be processed in addition to any public records requests.

Name Sharath Chandra

Title Administrator

GOVERNOR'S OFFICE OF FINANCE COMMENTS

The agency's response appears reasonable.

Date Monday, April 03, 2017

Name Susan Brown

Title Executive Budget Officer

Section A1: Line Item Detail by GL

Budget Account: 3823 B&I - REAL ESTATE ADMINISTRATION

Item No	Description	Actual 2015-2016	Work Program 2016-2017	W26 Year 1 2017-2018	W26 Year 2 2018-2019
E228	EFFICIENT AND RESPONSIVE STATE GOVERNMENT				
	EXPENDITURE				
01	PERSONNEL				
5100	SALARIES	0	0	81,441	111,979
5200	WORKERS COMPENSATION	0	0	1,930	2,164
5300	RETIREMENT	0	0	11,810	16,238
5400	PERSONNEL ASSESSMENT	0	0	627	650
5500	GROUP INSURANCE	0	0	20,061	26,673
5700	PAYROLL ASSESSMENT	0	0	211	207
5750	RETIRED EMPLOYEES GROUP INSURANCE	0	0	2,166	2,855
5800	UNEMPLOYMENT COMPENSATION	0	0	100	162
5840	MEDICARE	0	0	1,181	1,624
	TOTAL FOR CATEGORY 01	0	0	119,527	162,552
04	OPERATING EXPENSES				
7020	OPERATING SUPPLIES FY16 average cost for 26.6 FTE = \$26.59 YR 1: (\$26.59 x 9 months) * 2.50 (FTE) = \$598 + 750 (New employee set-up) = \$1,348 YR 2: (\$26.59 x 12 months) * 2.50 (FTE) = \$798	0	0	1,348	798
7044	PRINTING AND COPYING - C FY 16 average cost for 26.60 FTE = \$9.27 YR 1: (\$9.27 * 9 months) * 2.50 FTE = \$209 YR 2: (\$9.27 * 12 months) * 2.50 FTE = \$278	0	0	209	278
7045	STATE PRINTING CHARGES FY16 average cost for 26.60 FTE = \$3.15 YR 1: (\$3.15 * 9 months) * 2.50 FTE = \$71 YR 2: (\$3.15 * 9 months) * 2.50 FTE = \$95	0	0	71	95
7050	EMPLOYEE BOND INSURANCE	0	0	4	4
7054	AG TORT CLAIM ASSESSMENT	0	0	246	243
7285	POSTAGE - STATE MAILROOM FY16 average cost for 27 FTE = \$123.83 YR 1: (\$125.70 * 9 months) * 2.50 FTE = \$2,828 YR 2: (\$125.70 * 12 months) * 2.50 FTE = \$3,771	0	0	2,828	3,771
7289	EITS PHONE LINE AND VOICEMAIL	0	0	310	374
7460	EQUIPMENT PURCHASES < \$1,000	0	0	1,200	0
8241	NEW FURNISHINGS <\$5,000 - A	0	0	7,053	0
	TOTAL FOR CATEGORY 04	0	0	13,269	5,563
26	INFORMATION SERVICES				
7073	SOFTWARE LICENSE/MNT CONTRACTS The current software used by Nevada Real Estate charges an annual fee maintenance for users (\$200 per user), license type fees (\$400 per license type) and Project Change Fees (varies). YR1: \$200 * 3 FTE (user fee) + \$400 * 3 (license type) = \$1,800	0	0	1,800	5,200

State of Nevada - Budget Division
Line Item Detail & Summary
2017-2019 Biennium (FY18-19)

Item No	Description	Actual 2015-2016	Work Program 2016-2017	W26 Year 1 2017-2018	W26 Year 2 2018-2019
	YR2: \$200 * 3 FTE (user fee) + \$400 * 3 license type + \$3,400 (PCR) = \$5,200				
7211	MSA PROGRAMMER CHARGES Upgrade needed to current software. One-time cost.	0	0	45,000	0
7533	EITS EMAIL SERVICE	0	0	393	524
7554	EITS INFRASTRUCTURE ASSESSMENT	0	0	490	529
7556	EITS SECURITY ASSESSMENT	0	0	236	322
7771	COMPUTER SOFTWARE <\$5,000 - A	0	0	1,515	0
8371	COMPUTER HARDWARE <\$5,000 - A	0	0	4,137	0
	TOTAL FOR CATEGORY 26	0	0	53,571	6,575
	TOTAL EXPENDITURES FOR DECISION UNIT E228	0	0	186,367	174,690
	TOTAL REVENUES FOR BUDGET ACCOUNT 3823	0	0	0	0
	TOTAL EXPENDITURES FOR BUDGET ACCOUNT 3823	0	0	186,367	174,690

2017-2019 Biennium (FY18-19)
W26 E-228 - TS REPRESENTATIVE - SB438 (BDR10-992)

Section A: Position Detail

Budget Account: 3823 B&I - REAL ESTATE ADMINISTRATION

Type	Description	PCN	Class	Gd Step	Add Gd	Anv Mo	St	End	Ret Cd	FTE Actual	FTE WP	FTE Y1	FTE Y2	MI	2017-2018		2018-2019	
															Salary	Benefits	Salary	Benefits
E228 EFFICIENT AND RESPONSIVE STATE GOVERNMENT																		
CMPLV COMPLIANCE LAS VEGAS																		
4	COMPLIANCE/AUDIT INVEST 2	000200	11365	33-7	0	10	10-17	6-20	1	0.00	0.00	1.00	1.00	Y SUM	41,928	15,871	57,715	20,874
	TOTAL FOR LINE ITEM POSITION GROUP CMPLV									0.00	0.00	1.00	1.00		41,928	15,871	57,715	20,874
LICLV LICENSING LAS VEGAS																		
4	ADMIN ASSISTANT 2	000201	02212	25-4	0	10	10-17	6-20	1	0.00	0.00	1.00	1.00	Y SUM	26,342	12,581	36,176	16,836
4	ADMIN ASSISTANT 2	000202	02212	25-4	0	10	10-17	6-20	1	0.00	0.00	0.50	0.50	Y SUM	13,171	9,634	18,088	12,863
	TOTAL FOR LINE ITEM POSITION GROUP LICLV									0.00	0.00	1.50	1.50		39,513	22,215	54,264	29,699
	TOTAL FOR DECISION UNIT E228									0.00	0.00	2.50	2.50		81,441	38,086	111,979	50,573
	TOTAL FOR BUDGET ACCOUNT 3823									0.00	0.00	2.50	2.50		81,441	38,086	111,979	50,573

Department of Business and Industry
Nevada Real Estate Division

		BA 3823		Future Biennium
		FY 18	FY 19	
Expenditure/Personnel	Category 01	119,527.00	162,552.00	325,104.00
Expenditure/Operating	Category 04	13,269.00	5,563.00	11,126.00
Expenditure/Information Services	Cateogry 26	53,571.00	6,575.00	13,150.00
		186,367.00	174,690.00	349,380.00

Licensing: The number of applicants requiring multiple developer representation is anticipated to increase the registration requirements workload by 30 percent. Current staffing consists of five (5) AAll's who process licenses and registrations. This group's current workload is 920 applications per person and does not include background checks.

Registration	FY16	Actual thru Feb 2017 FY17	Projected 2017	BDR 10-992
Initial applications	1233	912	1277	1660
Employer changes	1583	1542	2159	2806
Renewals	1160	826	1156	1503
Back-ground check	0	0	0	2522*
Total	3976	3280	4592	5969

*** This number will normalize over time and will mirror the initial application levels and not included in the total line.**

Compliance/Audit: Currently there are four (4) full time Compliance/Audit Investigator II positions in the South and a (0.5) part-time position in the North.

The chart below shows the number of complaints received by compliance section for FY16. Timeshare complaints account for 10% of the complaints received. Even a 5% increase in complaints received will require additional resources.

Timeshare investigations are difficult and unlike real estate investigations. Timeshare licensees are selling a product versus a real estate licensee that just carries out the wishes of their client. Compliance and investigations require lot of fieldwork and are resource intensive.

Categories	Fiscal Year 2016 Compliance Report
Complaints Received	3,015
Non-Jurisdictional	411
Cases Opened	2,402
Cases Closed	2,490
Resolved Complaints	191
Under Investigation	246
Admin Sanctions	1,845
Referred To Hearing	45
Pending Hearing	65
Incoming Calls	7,758
Outgoing Calls	5,631
Walk-ins	433