

**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: March 22, 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)		\$68,680	\$93,571	\$187,142
Category 04 - Operating (Expense)		\$3,537	\$1,733	\$3,466
Category 11 - Cost Allocation (Expense)		\$5,000	\$1,500	\$3,000
Category 26 - Information Services (Expense)		\$9,865	\$2,761	\$5,522
Total	0	\$87,082	\$99,565	\$199,130

Explanation

(Use Additional Sheets of Attachments, if required)

BDR 54-790 will reduce the time allowed for real estate broker(s), real estate broker-salesperson(s) or real estate salesperson(s) to complete certain post licensing education from one (1) year to six months.

The current process established to verify completion of the required education coincides with the annual first year post licensing renewal. Necessitating an additional mid-year education component will require the following resources:

1. Request new Administrative Assistant I (1 FTE). This new position will receive education certificates, upload the appropriate information into the propriety database (SOAR), run daily queries and reports in the system, generate letters for missed deadlines and provide customer support for licensee questions and issues. Budget Account 3826, Real Estate Education and Research, would be responsible for the hiring of the Administrative Assistant 1. This additional expense would place a burden on their reserves.
2. Request new Compliance/Audit Investigator 2 (0.50 FTE). This new position will be needed in the compliance section to process fines, appeals and maintaining report(s) of delinquent licensees. Disciplinary actions, if needed, will require creating a case file, documenting correspondence and opening an investigation. Budget Account 3823, Real Estate Administration, would be responsible for the hiring of the Compliance/Audit Investigator. The agency would need to request additional general fund appropriations.
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 (i.e. first-time licensees due for post-licensing education - 6 month). 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 and BA3826.

Name Sharath ChandraTitle Administrator**GOVERNOR'S OFFICE OF FINANCE COMMENTS**Date Wednesday, March 22, 2017

The agency's response appears reasonable. The Governor's Finance Office further notes that, given the agency's assumption that part of the fiscal impact would be absorbed by the reserved funds within the Real Estate Education and Research budget, the ending reserve in that account would be unreasonably low at the close of the 2017-19 biennium. Since the Real Estate Education and Research budget is funded by transfers from the Real Estate Recovery Account, implementation of the bill would affect the Real Estate Recovery Account as well.

Name Laura E. FreedTitle Exec. Branch Budget Officer

Department of Business and Industry
Nevada Real Estate Division

		BA 3823		BA 3826		Total		Future Biennium
		FY 18	FY 19	FY 18	FY 19	FY 18	FY 19	
Expenditure/Personnel	Category 01	32,243.00	43,983.00	36,437.00	49,588.00	68,680.00	93,571.00	187,142.00
Expenditure/Operating	Category 04	1,987.00	1,168.00	1,550.00	565.00	3,537.00	1,733.00	3,466.00
Expenditure/Cost Allocation	Category 11	-	-	5,000.00	1,500.00	5,000.00	1,500.00	3,000.00
Expenditure/Information Services	Cateogry 26	7,360.00	2,045.00	2,505.00	716.00	9,865.00	2,761.00	5,522.00
		41,590.00	47,196.00	45,492.00	52,369.00	87,082.00	99,565.00	199,130.00

Reserve Calculator

Department Name	Business and Industry
Division Name	Nevada Real Estate Division
Budget Account	BA 3826
Authorized # of Reserve Days	90

Reserve Calculation

Total Expenditures
 Less Equipment (over \$5,000)
 Less Reserve
 Total Used to Calculate Reserve Limit

G01 + BDR 54-790	
Year 1	Year 2
1,029,199	801,488
-	-
(338,738)	(63,732)
690,461	737,756

Authorized Reserve Amount

Over/(Under) Authorized Reserve Amount
 Over/(Under) Authorized Reserve Days

170,251	181,912
168,487	(118,180)
89	(58)

Account Summary:

Beginning Cash (Balance Forward Amount)
 Budgeted Revenue (less beginning cash)
 Budgeted Expenditures (less Reserve)
 Ending Balance (Reserve amount)

Year 1	Year 2
593,967	338,738
435,232	417,258
690,461	737,756
338,738	18,240

Justification/solution for substantial over/under
 authorized days:

The under authorized reserve amount and days rises by the addition of the Administrative Assistant I and the increase of cost of programming needed with BDR 54-790.

Blue highlight fields are formula driven amounts and do not require an entry

The intended use of the reserve calculator tool is to identify an agency's targeted reserve and determine if adequate reserve levels are being maintained. The calculator does not take into consideration the impact of federal reserve calculations and therefore cannot be used to reconcile with the A-87.

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	W25 Year 1 2017-2018	W25 Year 2 2018-2019
E227	EFFICIENT AND RESPONSIVE STATE GOVERNMENT				
	REVENUE				
2511	BALANCE FORWARD FROM PREVIOUS YEAR	0	0	41,590	47,196
	TOTAL REVENUES FOR DECISION UNIT E227	0	0	41,590	47,196
	EXPENDITURE				
01	PERSONNEL				
5100	SALARIES	0	0	20,964	28,857
5200	WORKERS COMPENSATION	0	0	497	684
5300	RETIREMENT	0	0	3,040	4,184
5400	PERSONNEL ASSESSMENT	0	0	125	130
5500	GROUP INSURANCE	0	0	6,687	8,891
5700	PAYROLL ASSESSMENT	0	0	42	41
5750	RETIRED EMPLOYEES GROUP INSURANCE	0	0	558	736
5800	UNEMPLOYMENT COMPENSATION	0	0	26	41
5840	MEDICARE	0	0	304	419
	TOTAL FOR CATEGORY 01	0	0	32,243	43,983
04	OPERATING EXPENSES				
7020	OPERATING SUPPLIES	0	0	368	157
7044	PRINTING AND COPYING - C	0	0	41	55
7045	STATE PRINTING CHARGES	0	0	14	19
7050	EMPLOYEE BOND INSURANCE	0	0	1	1
7054	AG TORT CLAIM ASSESSMENT	0	0	49	49
7285	POSTAGE - STATE MAILROOM	0	0	557	743
7289	EITS PHONE LINE AND VOICEMAIL	0	0	103	125
7296	EITS LONG DISTANCE CHARGES	0	0	14	19
8241	NEW FURNISHINGS <\$5,000 - A	0	0	840	0
	TOTAL FOR CATEGORY 04	0	0	1,987	1,168
26	INFORMATION SERVICES				
7073	SOFTWARE LICENSE/MNT CONTRACTS	0	0	5,200	1,700
7533	EITS EMAIL SERVICE	0	0	131	175
7554	EITS INFRASTRUCTURE ASSESSMENT	0	0	98	106
7556	EITS SECURITY ASSESSMENT	0	0	47	64
7771	COMPUTER SOFTWARE <\$5,000 - A	0	0	505	0
8371	COMPUTER HARDWARE <\$5,000 - A	0	0	1,379	0
	TOTAL FOR CATEGORY 26	0	0	7,360	2,045
	TOTAL EXPENDITURES FOR DECISION UNIT E227	0	0	41,590	47,196

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

Item No	Description	Actual	Work Program	W25	W25
		2015-2016	2016-2017	Year 1 2017-2018	Year 2 2018-2019
	TOTAL REVENUES FOR BUDGET ACCOUNT 3823	0	0	41,590	47,196
	TOTAL EXPENDITURES FOR BUDGET ACCOUNT 3823	0	0	41,590	47,196

Section A1: Line Item Detail by GL

Budget Account: 3826 B&I - REAL ESTATE EDUCATION AND RESEARCH

Item No	Description	Actual 2015-2016	Work Program 2016-2017	W10 Year 1 2017-2018	W10 Year 2 2018-2019
E227	EFFICIENT AND RESPONSIVE STATE GOVERNMENT				
	EXPENDITURE				
01	PERSONNEL				
5100	SALARIES	0	0	24,288	33,347
5200	WORKERS COMPENSATION	0	0	576	791
5300	RETIREMENT	0	0	3,522	4,835
5400	PERSONNEL ASSESSMENT	0	0	251	260
5500	GROUP INSURANCE	0	0	6,687	8,891
5700	PAYROLL ASSESSMENT	0	0	85	83
5750	RETIRED EMPLOYEES GROUP INSURANCE	0	0	646	850
5800	UNEMPLOYMENT COMPENSATION	0	0	30	48
5840	MEDICARE	0	0	352	483
	TOTAL FOR CATEGORY 01	0	0	36,437	49,588
04	OPERATING EXPENSES				
7020	OPERATING SUPPLIES	0	0	444	259
7044	PRINTING AND COPYING - C	0	0	39	52
7050	EMPLOYEE BOND INSURANCE	0	0	2	2
7054	AG TORT CLAIM ASSESSMENT	0	0	99	97
7285	POSTAGE - STATE MAILROOM	0	0	23	30
7289	EITS PHONE LINE AND VOICEMAIL	0	0	103	125
8241	NEW FURNISHINGS <\$5,000 - A	0	0	840	0
	TOTAL FOR CATEGORY 04	0	0	1,550	565
26	INFORMATION SERVICES				
7073	SOFTWARE LICENSE/MNT CONTRACTS	0	0	5,200	1,700
7533	EITS EMAIL SERVICE	0	0	131	175
7554	EITS INFRASTRUCTURE ASSESSMENT	0	0	196	212
7556	EITS SECURITY ASSESSMENT	0	0	94	129
7771	COMPUTER SOFTWARE <\$5,000 - A	0	0	505	0
8371	COMPUTER HARDWARE <\$5,000 - A	0	0	1,379	0
	TOTAL FOR CATEGORY 26	0	0	7,505	2,216
86	RESERVE				
9178	RESERVE - BAL FWD TO SUBSEQUENT FY	0	0	-45,492	-52,369
	TOTAL FOR CATEGORY 86	0	0	-45,492	-52,369
	TOTAL EXPENDITURES FOR DECISION UNIT E227	0	0	0	0
	TOTAL REVENUES FOR BUDGET ACCOUNT 3826	0	0	0	0
	TOTAL EXPENDITURES FOR BUDGET ACCOUNT 3826	0	0	0	0