

TITLE 876 INDIANA REAL ESTATE COMMISSION**Economic Impact Statement**

LSA Document #08-692

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses

This proposed rule amends [876 IAC 2-18-1](#) and [876 IAC 3-2-7](#) to change the fee for the real estate investigative fund accountant investigative fund established by Senate Enrolled Act 377, P.L.157-2006.

Impact on Small Businesses**1. Estimate of the number of small businesses, classified by industry sector, that will be subject to the proposed rule:**

NACIS 531320 Offices of Real Estate Appraisers	
Real Estate Appraisers	2991
NACIS 531210 Offices of Real Estate Agents and Brokers	
Real Estate Salespersons and Brokers	25000

This fee is not charged to small businesses or companies. Instead, individual real estate appraisers and real estate sales and broker licensees will be affected by this rule.

The minimum calculable cost on individuals is estimated to range between \$26,920 in odd-numbered years and \$279,200 in even-numbered years. The statute requires the board to establish a fee to be attached to individual licenses, which will be collected from new applicants and every two years upon renewal of the board issued license. The real estate investigative fund fee is not to be assessed to real estate and appraiser companies.

This proposed rule will impose an additional \$10 fee on each real estate and appraiser license issued annually and renewed biannually by the Indiana Professional Licensing Agency (IPLA), which will be dedicated to the investigative fund. The Commission and Appraiser Board renews and issues approximately 27,920 licenses in even-numbered years and renews and issues approximately 15,757 licenses in odd-numbered years.

2. Estimate of the average annual reporting, record keeping, and other administrative costs that small businesses will incur to comply with the proposed rule:

There will be no annual reporting, administrative costs, or record keeping requirements incurred by small businesses to comply with this rule.

3. Estimate of the total annual economic impact that compliance with the proposed rule will have on all small businesses subject to the rule:

The IPLA has determined that the proposed rule will have a fiscal impact on the regulated entities. The proposed rule changes will also impose a relatively insignificant cost on small businesses via the payment of the fee by real estate salespersons, brokers, and appraisers.

Total even-numbered year impact: \$279,200

Estimated number of licenses issued + estimated number of license renewed

Total odd-numbered year impact \$157,570

Estimated number of licenses issued + estimated number of license renewed

4. Statement justifying any requirement or cost that is imposed on small businesses by the rule or any other state or federal law:

There is no cost on small businesses, only individual licenses. It amounts to \$10 per person for license issuance and \$10 every two years for licensees renewing their license. The investigative fund, which was established by Senate Enrolled Act 377, P.L.157-2006 is designed to further enforce the real estate and appraiser statutes and rules. In addition, the rule will enhance the protection of consumers from unscrupulous practitioners.

5. Regulatory flexibility analysis of alternative methods:

No alternatives were considered as the proposed rule has an insignificant fiscal impact.

6. Conclusion:

The Office of the Attorney General investigates consumer complaints, and their time and efforts are divided among a great many professions. Having a dedicated investigative fund solely to investigate the violation of the accountancy statute and rules will greatly enhance resources in pursuing complaints brought against any accountancy professional thus increasing the protection of Indiana consumers.

Posted: 08/05/2009 by Legislative Services Agency
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