

2025-27 Budget Review

Real Estate Agency

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
Other Funds	\$9,914,221	\$14,691,991	\$16,391,518	\$15,739,193
Total Funds	\$9,914,221	\$14,691,991	\$16,391,518	\$15,739,193
Positions	31	34	33	32
FTE	30.50	34.00	33.00	32.00

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

The Oregon Real Estate Agency (OREA) is responsible for licensing, continuing education, and enforcement of Oregon’s real estate laws for brokers, property managers, and real estate firms. The agency is supported by the Oregon Real Estate Board, which includes seven industry professionals and two public members appointed by the Governor to serve four-year terms. The agency operates under the supervision of the Real Estate Commissioner, who serves as its administrator.

OREA is an Other Funds agency that generates 96% of its revenue from application and professional license fees. Additional income is derived from service charges, fines, and forfeitures, with all civil penalties directed to the General Fund.

BUDGET ENVIRONMENT

Licenses issued by OREA fell by 1.5% in 2024, a decrease of 453 licenses from the 2023 total of 31,465, but still consistent with the five-year average of 30,000. However, this decrease reflects ongoing market conditions and the impact of the National Association of Realtors (NAR) settlement, which has affected agent compensation and commission rates nationwide, thereby influencing both the willingness to enter the profession and the decision to renew licenses. These factors have the agency anticipating a 15% decline in licenses in 2025-27 and associated revenue that will require the phase out of two vacant positions and reduced personal services expenditures by \$600,000, through a revenue shortfall package (070). The estimated ending balance for the current biennium is about 15-months of operating costs; however, with the projected decline in licenses, combined with expected expenditures for the eLicense replacement project, discussed below, the projected ending balance for 2025-27 is down to three months of operating costs.

In 2017, the Legislature approved a 30% increase in the licensing fee, raising it to \$300, to save revenue for the eLicense replacement project. The Legislature approved a \$2.3 million increase in Other Funds

expenditure limitation for the 2023-25 biennium, utilizing the agency's revenue reserves, to acquire software and professional services for managing licensee data, processing licenses and business applications, and tracking audit management. Due to vendor contracting delays, the majority of these expenditures were not incurred during the 2023-25 biennium and the project is now expected to be completed in 2026.

In addition, the passage of HB 4058 (2024) expanded the agency's regulatory responsibilities by requiring real estate wholesalers to register with the agency and renew their registration annually. The measure authorizes OREA to establish a fee of up to \$300 for residential property wholesalers to comply with these new requirements. OREA's 2025-27 budget request includes a registration and renewal fee set at the statutory cap of \$300.

CURRENT SERVICE LEVEL

The current service level (CSL) for OREA is \$16.4 million, a 12% increase over the 2023-25 legislatively approved budget (LAB), driven by standard personal services growth and inflation in services and supplies expenditures. CSL includes \$2 million of Other Funds expenditure limitation carried forward from the prior biennium for the completion of the eLicense replacement project.

GOVERNOR'S BUDGET SUMMARY

The 2025-27 Governor's budget totals \$15.7 million in total funds, reflecting a \$652,325 revenue shortfall identified through package (070), a 4% decrease from the current service level. The budget also includes the following policy option package:

- **Wholesaler Registration Fee Establishment** – introduces a \$300 registration fee and a \$300 annual renewal fee to operate as a residential property wholesaler in Oregon. These fees are estimated to raise an additional \$15,000 over the 2025-27 biennium.

KEY PERFORMANCE MEASURES

A copy of the Real Estate Agency Annual Performance Progress Report can be found on the LFO website:

https://www.oregonlegislature.gov/lfo/APPR/APPRProposed_REA_2024-09-30.pdf

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