

HB 5036 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Meek

Joint Committee On Ways and Means

Action Date: 05/09/25

Action: Do pass the A-Eng bill.

Senate Vote

Yeas: 11 - Anderson, Bonham, Broadman, Campos, Frederick, Girod, Lieber, Manning Jr, McLane, Smith DB, Sollman

House Vote

Yeas: 10 - Bowman, Breese-Iverson, Drazan, Evans, Gomberg, Levy E, Owens, Ruiz, Sanchez, Smith G

Exc: 2 - Cate, Valderrama

Prepared By: Kendra Beck, Department of Administrative Services

Reviewed By: Twais Broadus, Legislative Fiscal Office

Real Estate Agency

2025-27

Budget Summary*

	2023-25 Legislatively Approved Budget ⁽¹⁾	2025-27 Current Service Level	2025-27 Committee Recommendation	Committee Change from 2023-25 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 14,691,991	\$ 16,391,518	\$ 15,880,214	\$ 1,188,223	8.1%
Total	\$ 14,691,991	\$ 16,391,518	\$ 15,880,214	\$ 1,188,223	8.1%

Position Summary

Authorized Positions	34	33	32	(2)
Full-time Equivalent (FTE) positions	34.00	33.00	32.00	(2.00)

⁽¹⁾ Includes adjustments through January 2025

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Real Estate Agency (OREA) is supported solely by Other Funds revenues. Application fees and fees paid for professional licenses by brokers, principal brokers, and property managers account for approximately 97% of all revenue collected. The remaining revenue is derived from charges for services and fines and forfeitures, with all civil penalties transferred to the General Fund. The budget includes the establishment of a fee for registration of residential property wholesalers, which is expected to generate \$15,000 Other Funds revenue. With the adoption of the Subcommittee recommendations, OREA's estimated 2025-27 ending fund balance is approximately three months of operating expenses.

Summary of Transportation and Economic Development Subcommittee Action

The mission of OREA is to provide quality protection for Oregon consumers of real estate, escrow, and land development services balanced with a professional environment conducive to a healthy real estate market. The Agency is responsible for the licensing, continuing education, and enforcement of Oregon's real estate laws applicable to brokers, property managers, and real estate firms.

The Subcommittee recommended a budget of \$15,880,214 Other Funds expenditure limitation and 32 positions (32.00 FTE) for the 2025-27 biennium, which represents an 8.1% increase from the 2023-25 Legislatively Approved Budget. The Subcommittee recommended the following packages:

- Package 070: Revenue Shortfall. This package reduces ongoing Other Funds expenditure limitation by \$719,280 by abolishing a Compliance Specialist, adding vacancy savings, and reducing Services and Supplies.
- Package 090: CFO Analyst Adjustment. This package increases Other Funds expenditure limitation by \$207,976 to reclassify two positions. This includes the reclassification of an Administrative Specialist 1 to an Administrative Specialist 2 to fix a technical error on a Permanent Finance Plan. The package also includes reclassification of a Business Operations Manager 3 to a Business Operations Administrator 1.
- Package 100: Wholesaler Registration – Fee Establishment. This package establishes a \$300 fee for registration and annual renewal of residential property wholesalers, as authorized by House Bill 4058 (2024). It is expected to generate \$15,000 in revenue during the 2025-27 biennium and has no associated expenditures.

Summary of Performance Measure Action

See attached Legislatively Adopted 2025-27 Key Performance Measures form.

Oregon Real Estate Agency
Kendra Beck -- 503-400-4747

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2023-25 Legislatively Approved Budget at Jan 2025 *	\$ -	\$ -	\$ 14,691,991	\$ -	\$ -	\$ -	14,691,991	34	34.00
2025-27 Current Service Level (CSL)*	\$ -	\$ -	\$ 16,391,518	\$ -	\$ -	\$ -	16,391,518	33	33.00
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
SCR 91900-050 - Real Estate Agency									
Package 070: Revenue Shortfalls									
Personal Services	\$ -	\$ -	\$ (505,392)	\$ -	\$ -	\$ -	(505,392)	(1)	(1.00)
Services and Supplies	\$ -	\$ -	\$ (213,888)	\$ -	\$ -	\$ -	(213,888)		
Package 090: CFO Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ 207,976	\$ -	\$ -	\$ -	207,976	0	0.00
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ (511,304)	\$ -	\$ -	\$ -	(511,304)	(1)	(1.00)
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 15,880,214	\$ -	\$ -	\$ -	15,880,214	32	32.00
% Change from 2023-25 Leg Approved Budget	0.0%	0.0%	8.1%	0.0%	0.0%	0.0%	8.1%	(5.9%)	(5.9%)
% Change from 2025-27 Current Service Level	0.0%	0.0%	(3.1%)	0.0%	0.0%	0.0%	(3.1%)	(3.0%)	(3.0%)

*Excludes Capital Construction Expenditures

Legislatively Approved 2025 - 2027 Key Performance Measures

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Agency: Real Estate Agency

Mission Statement:

To provide quality protection for Oregon consumers of real estate, escrow and land development services, balanced with a professional environment conducive to a healthy real estate market atmosphere.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2026	Target 2027
1. Compliance Rate Achieved - Percent of property managers/principal brokers reviewed who meet compliance within 45 days of a mail-in compliance review.		Approved	100%	90%	90%
2. Percent of investigations completed within 150 days of receipt of complaint.		Approved	85%	80%	80%
4. Percent of licensees who rate the board-administered exam as "good" or "excellent" as an effective screen for competent and ethical professionals.		Approved	72%	75%	75%
5. CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Availability of Information	Approved	93%	93%	93%
	Overall		93%	93%	93%
	Timeliness		93%	93%	93%
	Accuracy		94%	93%	93%
	Expertise		92%	93%	93%
	Helpfulness		93%	93%	93%
3. Case Actions resolved through settlement - Percent of case actions that are resolved through informal settlement resolution and without formal hearing before the Office of Administrative Hearings.		Approved		95%	95%
3. Contested Case Actions resolved through settlement - Percent of contested case actions that are resolved through informal settlement resolution and prior to a formal hearing before the Office of Administrative Hearings.		Legislatively Deleted	98%		

LFO Recommendation:

The Legislative Fiscal Office recommends approval of the proposed Key Performance Measures and targets, including the replacement of KPM #3, "Contested Case Actions resolved through settlement," with "Case Actions resolved through settlement."

SubCommittee Action:

The Subcommittee on Transportation and Economic Development approved the Key Performance Measures and targets.