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FISCAL IMPACT REPORT

ORIGINAL DATE 02/10/14
LAST UPDATED _____

SPONSOR Griego **HB** _____

SHORT TITLE Real Estate Foreign Broker Licensure **SB** 124

ANALYST Martinez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of Bill

Senate Bill 124 amends NMSA 1978 Chapter 29 of section 61 related to Real Estate Brokers and Salesman by creating new definitions for “commercial real estate”, “foreign broker”, and “non-resident licensee” all in an effort to allow a broker holding a valid real estate license in another state, province of Canada, or sovereign nation to practice as an associate broker or qualifying broker in a commercial estate transaction, provided that the “foreign broker” enters into a written agreement with a New Mexico licensed qualified broker. SB124 defines as follows:

- SB 124 defines “commercial real estate” as real estate that is zoned for business or commercial use by city or county, or zoned to allow five or more multifamily units, provided that all units are located on a single parcel of land with a single legal description.
- SB 124 provides that a “foreign broker”, defined as a real estate broker who does not hold a real estate license issued by the New Mexico Real Estate Commission, but who holds a current and valid real estate broker’s license issued by another state in the United States, a province of Canada, or any other sovereign nation, may act as an associate broker or qualifying broker in a commercial real estate transaction in New Mexico

provided that the foreign broker enters into a transaction-specific written agreement with a New Mexico qualifying broker that describes the parties to the transaction, the commercial property, the terms of compensation between the foreign broker and the New Mexico qualifying broker, and the effective date and termination date of the agreement.

- SB 124 further provides that the foreign broker will cooperate fully with the New Mexico qualifying broker and associate brokers designated by the qualifying broker in communicating with the parties to the transaction; market the subject commercial properties in the name of the New Mexico qualifying broker; furnish the New Mexico qualifying broker copies of all documents related to the transaction that are required by law; comply with the New Mexico Real Estate License Law and Real Estate Commission Rules; and submit to the jurisdiction of the New Mexico courts.
- SB 124 defines a “non-resident licensee” as a New Mexico-licensed associate broker or qualifying broker whose license application address is not within the state of New Mexico.

FISCAL IMPLICATIONS

No Fiscal Impact

SIGNIFICANT ISSUES

SB 124 would restore, in modified and more detailed form, the foreign broker provision of the Real Estate License Law that was repealed by the provisions of Laws 2013, Chapter 167, (Senate Bill 212) which allowed foreign brokers to engage in any real estate activity in New Mexico provided that they entered into a transaction-specific written agreement with a New Mexico-licensed qualifying broker prior to commencing such real estate activity.

Current law requires that all persons engaged in real estate activity in New Mexico, including commercial real estate activity, be licensed by the New Mexico Real Estate Commission as associate brokers or qualifying brokers.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Any person engaging in any real estate activity in New Mexico, with the exception of those listed in “Definitions and Exceptions” in 61-29-2 NMSA 1978 will continue to be required to be licensed by the New Mexico Real Estate Commission as an associate broker or qualifying broker.

RM/ds