

February 1, 2006

Hon. Bill Lockyer
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Tricia Knight
Initiative Coordinator

Dear Attorney General Lockyer:

Pursuant to Elections Code Section 9005, we have reviewed the proposed statutory initiative related to real estate listings (File No. SA2005RF0145).

Major Provisions

Currently, private real estate organizations administer multiple listing systems (MLSs). The MLSs contain information on real estate properties, such as those that are for sale or have recently sold. The systems typically are funded by the real estate industry to assist in completing transactions. The administrators of MLSs may choose what information is listed in the system and made publicly available.

This measure requires the development of an “open” MLS that would be publicly accessible through the Internet. The measure specifies the method by which a private operator of the MLS would be selected. An operator of the system would have to follow a number of requirements—including what information to collect and how visitors must be able to access the system at no charge. Subscribers to the MLS would be authorized to enter real estate listings into the system. The measure specifies a maximum monthly subscription amount. All real estate listings would be included in the MLS unless the property owner specified otherwise.

Fiscal Effect

Under the measure, the state Department of Real Estate (DRE) is responsible for enforcing the measure’s provisions. Consequently, the DRE would experience increased costs to perform these duties. Such costs could be partially offset by fines collected from real estate licensees not abiding by the measure’s provisions. Under current law, DRE’s costs are paid primarily from fees from the real estate industry to obtain and renew licenses. The net result of the measure would probably be a minor increase in annual state costs and related real estate license fees.

Fiscal Summary. This measure would have the following fiscal impact:

- Probably minor annual increase in state real estate enforcement costs and related real estate license fees.

Sincerely,

Elizabeth G. Hill
Legislative Analyst

Michael C. Genest
Director of Finance