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To: Senate Committee on Business & Commerce

From: Douglas E. Oldmixon, Administrator & Commissioner

Date: Effective January 10, 2011

RE: Progress Report on Agency's Transition to Self-Directed Semi-Independent (SDSI) Status under SB 1000 (82nd Legislature, Regular Session)

On September 1, 2011, the Texas Real Estate Commission (TREC) and its independent subdivision, the Texas Appraiser Licensing & Certification Board (TALCB), together (the "agency") became an SDSI agency under the authority of SB 1000. This progress report gives a brief overview of ongoing changes being made to the agency to complete its transition to an SDSI agency.

After officially commencing transition of the agency to SDSI operations in September, the agency has submitted its first report to the legislature and oversight committees as required dated November 1, 2011. Note that agency expenditures are on track but revenue is lagging behind forecast. Revenue is lagging for two reasons: 1) the modest fee increases implemented to cover general revenue contributions were not effective until November, and 2) historically, license renewal revenue is lower in the fall months and increases in the spring and summer months.

TREC staff is continuing to work through some technical process issues with the Comptroller's office as they arise. While there are other SDSI agencies, TREC and TALCB have some unique requirements, including collection of fee revenue for the Real Estate Research Center, allocation of a portion of the professional fee to the Real Estate Research Center, and two consumer protection recovery funds. Agency staff has a good working relationship with its counterparts at the Safekeeping Trust and Texas Comptroller's office and are able to handle any issues that may arise.

In addition to the implementation of SB1000, the agency continues to improve in accomplishing its mission. Beginning January 1, new broker "active experience" standards required by SB 747 became effective that will help improve the quality of brokers in the state of Texas. Agency staff will be participating in strategic planning in the spring to continue the agency's search for ways to become more effective and efficient in serving its licensees and the public.

Additional explanatory information can be provided at the committee's request.