



February 12, 2020

The Honorable Kirk Schuring
Ohio Statehouse
1 Capitol Square
Columbus, OH 43215
RE: Senate Bill 246

Chairman Schuring, Vice Chair Rulli, Ranking Member O'Brien and members of the Senate General Government & Agency Review Committee:

On behalf of 33,000 Ohio REALTORS® we thank you for this opportunity to provide written comments on Senate Bill 246 introduced by Senators Roegner and McColley. We testify as an interested party but have some concerns and appreciate the opportunity to outline them below.

We have presented the real estate licensing sections of SB 246 to our Legislative Steering Committee and had a hearty discussion on this legislation. The committee also discussed similar legislation that has been adopted or introduced in other states and have crafted some suggested changes. As REALTORS who are entrenched in our communities, we know all too well the crisis the state faces as we continue to lose population. We encourage policies and programs that aim to retain and attract new residents. Ohio REALTORS® believes this legislation is well-intentioned, but we have concerns this "one size fits all" approach to such a vast list of licensed occupations may create some unintended consequences.

REALTORS® and licensed real estate practitioners help Ohioans make what is the largest, most important financial decision of their lives and we want to ensure that all licensed real estate salespeople and brokers are well-trained and highly competent. We appreciate the opportunity to address three main concerns with SB 246:

- 1) As drafted, SB 246 does *not* require a licensing authority to require an applicant who holds an out-of-state real estate license to take the Ohio law portion of the exam.

In line 237, it states, "If a licensing authority requires an applicant to pass an examination on this state's laws and rules governing the applicable profession, occupation or occupational activity to receive a license or government certification under the applicable law, a licensing authority *may* require an applicant to pass the examination to receive a license or government certification under this section."

While we cannot speak to whether or not this discretion is appropriate for all licensees covered under SB 246, we strongly encourage the requirement of all new real estate salespeople and brokers to take and pass the Ohio-specific law portion of the real estate exam. This is in the best interest of not only the consumer, but also the licensee. How can we expect a newly licensed real estate practitioner to know Ohio laws and regulations if they have not been required to prove competency in them? When helping an Ohioan make one of the largest financial decisions of their life, the real estate licensee should be

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competent in all areas of Ohio law pertaining to their practice.

- 2) Our members are concerned that SB 246 does not have a residency requirement. SB 246 gives out-of-state practitioners a special advantage of receiving their real estate license expeditiously despite not satisfying all requirements that residents have to in order to be licensed. SB 246 does not however require these out-of-state applicants to physically live in Ohio. After hearing sponsor and proponent testimony for SB 246, it is apparent that this legislation's goal is to help people get to work faster when they move to Ohio. However, without a residency requirement, this bill would help non-Ohioans much more than it would help Ohioans as Ohio residents do not receive "reciprocity" for faster, easier licensure in another state.

SB 246 has been compared to a recently enacted Arizona licensing reciprocity law, but that law requires an out-of-state applicant to file a residency attestation before receiving an Arizona license. As Ohio's largest professional trade association, we always want and welcome new members, but we must first represent our REALTOR members and Ohio's current and would-be homeowners and we believe a residency requirement is a necessary addition to SB 246.

- 3) Minimal experience requirements are also a concern as SB 246 requires only one year of experience as a real estate licensee in another state before expeditiously receiving an Ohio license. In the real estate world, one year of experience is not very long. A salesperson might never have closed one transaction in a one-year period. To ensure competency we respectfully request a higher experience threshold in order to qualify for expedited licensing.

Proponents of SB 246 have compared this bill to a similar law that recently passed in Pennsylvania (House Bill 1172, currently 2019 Act 41). However, in order to receive licensure by reciprocity in Pennsylvania, an applicant must have "completed continuing education or having experience in the profession or occupation for at least two of the five years preceding the date of application..." We believe two years of experience as a real estate licensee is an appropriate assessment of someone's experience and knowledge of the industry. By that two-year period, the licensee likely would have been required to have completed necessary continuing education required by their respective state. Additionally, that person should be able to demonstrate some level of expertise and therefore we recommend the person complete a minimum number of transactions as an additional safeguard of competency.

It is important to note that all fifty states and the District of Columbia have different real estate salesperson educational requirements. For example, Ohio requires 120 hours of pre-licensing education. Texas requires 180 hours of pre-licensing education. Oregon requires 150 hours of pre-licensing education. Wyoming and Kansas require only 30 hours of pre-licensing education. Hawaii requires 60 hours of education. With such a broad spectrum of educational requirements it is prudent to increase the experience requirement in SB 246 to two years as a licensed professional.

Additionally, Ohio has a tiered licensing system in place. Although many states have a similar system, their requirements are dissimilar. In order to become a real estate salesperson in Ohio, you must satisfy 120 hours of pre-licensing education. But in order to be a licensed real estate broker, which allows you to own or manage a real estate brokerage and supervise affiliated agents, you must have practiced for two of the last five years *and* completed 20 transactions before you can apply for a broker's license. Some

states do not have this similar requirement and we want to ensure that all out-of-state applicants are required to meet the minimum Ohio broker's license requirements of two years of experience and completed 20 transactions.

To bring our concerns to life, for example, if an applicant from Wyoming who has been licensed for 12 months, is in good standing, passes a criminal background check and has passed the Wyoming real estate exam s/he can apply for a license through reciprocity in Ohio as laid out in SB 246. However, this person has only 30 hours of pre-licensing education, may never have performed one transaction, and is ignorant of Ohio laws and regulations guiding the practice of real estate. We would argue this person may not have proven competency to represent clients in a real estate transaction in Ohio and we respectfully urge you to consider the aforementioned changes.

Ohio REALTORS® supports policies that encourage population growth and investment in Ohio. We hope such policies will strengthen the economy, create jobs and tax revenue for local governments and schools, and bring new opportunities to all corners of the state. We believe Senate Bill 246 is a well-intentioned concept and we hope to strengthen what is already a promising piece of legislation.

We appreciate the opportunity to share our thoughts on SB 246. If you have any questions, please feel free to reach out to Beth Wanless, Director of Government Affairs at Ohio REALTORS®.

Sincerely,

A handwritten signature in black ink that reads "Scott Williams". The signature is written in a cursive, flowing style.

Scott Williams
Chief Executive Office
Ohio REALTORS®