

- SUBJECT:** Exempting certain entities from real estate licensing requirements
- COMMITTEE:** Licensing and Administrative Procedures — committee substitute recommended
- VOTE:** 7 ayes — S. Thompson, Kuempel, Darby, Fierro, Geren, Goldman, Hernandez
- 0 nays
- 4 absent — Ellzey, Guillen, Huberty, Pacheco
- WITNESSES:** For — None
- Against — None
- On — Chelsea Buchholtz, Texas Real Estate Commission; Lori Levy, Texas Realtors; (*Registered, but did not testify*: Tony Slagle, Texas Real Estate Commission)
- BACKGROUND:** Occupations Code sec. 1101.355 imposes certain additional eligibility requirements on business entities holding real estate broker licenses and sales agent licenses.
- Concerns have been raised that requiring certain entities operated by real estate professionals to obtain redundant licenses undermines the benefits of operating as a limited liability or S corporation.
- DIGEST:** CSHB 2998 would specify that a business entity would not have to be licensed under Occupations Code ch. 1101 if the entity:
- received compensation on behalf of a licensed broker or sales agent that was earned by the license holder while engaged in real estate brokerage;
  - performed no other acts of a broker;
  - was a limited liability company or an S corporation;

- was registered with the Texas Real Estate Commission; and
- was at least 51 percent owned by the license holder on whose behalf the entity received compensation.

The commission would have to adopt rules providing for the registration of a business entity.

The bill would take effect January 1, 2022.