

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: SB507

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Wagner, F. W.

3. Committee: General Laws and Technology

4. Title: Real Estate Appraiser Board; continuing education.

5. Summary: This bill requires the Real Estate Appraiser Board (the Board) to establish requirements for continuing education as a prerequisite to renewal of a license. In addition, the bill provides that the Board require evidence of knowledge of the use of the income method to calculate values of energy efficiency and renewable energy in the appraisal of residential property as a prerequisite to renewal of any license.

6. Budget Amendment Necessary: No, see Item 8.

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2012	\$0	0.0	n/a
2013	\$4,090	0.0	Dedicated Special Revenue
2014	\$0	0.0	Dedicated Special Revenue
2015	\$0	0.0	Dedicated Special Revenue
2016	\$0	0.0	Dedicated Special Revenue
2017	\$0	0.0	Dedicated Special Revenue
2018	\$0	0.0	Dedicated Special Revenue

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2012	0	n/a
2013	(\$6,100)	Dedicated Special Revenue
2014	(\$6,100)	Dedicated Special Revenue
2015	(\$6,100)	Dedicated Special Revenue
2016	(\$6,100)	Dedicated Special Revenue
2017	(\$6,100)	Dedicated Special Revenue
2018	(\$6,100)	Dedicated Special Revenue

8. Fiscal Implications: This bill will require all Real Estate Appraiser Board licensees to provide evidence of knowledge of the use of the income method to calculate values of energy

efficiency and renewable energy in the appraisal of residential property. To obtain this knowledge, the real estate appraisers will be required to complete a continuing education course in these subject areas. It is expected that as a condition of license renewal, the real estate appraiser licensees will be required to complete this continuing education course. Regulations will need to be revised by the Department of Professional and Occupational Regulation (DPOR) in order to implement the new renewal requirements. According to the agency, the Board will soon be starting the process to increase fees under the requirements of the Callahan Act to counter the costs and decreased revenues expected from this legislation; thus, no budget amendment is necessary.

Personal Service and Operating Costs: Current DPOR staff would absorb the additional duties of verifying continuing education credits and licensing system programming. However, the Board will need to conduct regulation review committee meetings to establish minimum requirements and draft regulations, with four meetings expected in FY 2013. Travel and other expenses related to attending the committee meetings will total approximately \$3,690 in FY 2013. The Board will also need to submit two mailings to appraisal organizations at a cost of \$400 in FY 2013. These are non-recurring costs that will not continue into future years. Total costs are projected to be \$4,090 in FY 2013.

Revenue: In accordance with the provisions of Section 54.1-113 (Callahan Act), Code of Virginia, licensing fees are established at rates adequate to cover a program's operating costs and a proportionate share of agency support costs.

As a result of the requirement for the additional continuing education, DPOR expects a decrease in the number of applicants and renewing licensees by about five percent. New applicants are expected to decline by 20 annually and renewing licensees will decline by about 185. Consequently, revenue will decrease by about \$6,100 annually beginning in FY 2013. According to the agency, the Board will soon be starting the process to increase fees under the requirements of the Callahan Act. The increased costs and reduced revenue resulting from this bill will likely raise the renewal fee by an additional \$5.

Cost to Regulators: Increased costs to real estate appraiser licensees are expected as a result of this legislation. Regulators will be required to pay the estimated \$50 cost for a two hour continuing education course.

9. Specific Agency or Political Subdivisions Affected: Department of Professional and Occupational Regulation.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is identical to HB433, as introduced.

Date: 1/16/12

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