

Department of Planning and Budget 2017 Fiscal Impact Statement

1. Bill Number: SB1575

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

2. Patron: Wagner

3. Committee: General Laws and Technology

4. Title: Virginia Real Estate Appraiser Board; appraisal management companies; compensation of appraisers.

5. Summary: Requires an appraisal management company to compensate appraisers at a rate that is customary and reasonable for appraisal services performed in the market area of the property being appraised. The bill provides that compliance with the fee requirement is presumed if an appraisal management company compensates appraisers in an amount that is reasonably related to recent rates paid for comparable appraisal services by entities other than appraisal management companies in the geographic market of the property being appraised. The bill also provides that an appraisal management company may use objective third-party information, such as government agency fee schedules, academic studies, and independent private sector surveys, as evidence to determine appraiser compensation.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2017	\$0	0	N/A
2018	\$3,330	0	NGF
2019	\$0	0	N/A
2020	\$0	0	N/A
2021	\$0	0	N/A
2022	\$0	0	N/A
2023	\$0	0	N/A

8. Fiscal Implications: This bill increases the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR). The Real Estate Appraiser Board (Board) will need to revise the real estate appraiser regulations in order to conform to the statutory changes in a way that ensures Virginia remains in compliance with federal Appraisal Subcommittee guidelines. The Board will need to conduct at least three additional meetings to complete the regulatory revisions. Board member travel and other related expenses for the additional meetings in FY 2018 will total approximately \$3,230. The cost of mailings as required by the Administrative Process Act is expected to be \$100 or less

in FY 2018. It is likely that the number of complaints filed against appraisal management companies will increase as a result of this legislation. An increase to the workload to receive, investigate, and adjudicate the additional cases is likely although the number of cases is indeterminate at this time.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.