

2010 Special Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 3624 **STATUS:** A Engrossed
SUBJECT: Registration of appraisal management companies
GOVERNMENT UNIT AFFECTED: Appraiser Certification and Licensure Board
PREPARED BY: Dawn Farr
REVIEWED BY: John Borden
DATE: February 12, 2010

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES:		
Personal Services – Other Funds	\$ 74,244	\$ 55,864
Services and Supplies – Other Funds	\$ 8,897	\$ 1,500
Total Other Fund Expenditures	\$ 83,141	\$ 57,364

	<u>2009-2011</u>	<u>2011-2013</u>
REVENUES:		
Application Fees – Other Funds	\$ 5,250	\$ 1,500
Registration Fees – Other Funds	\$ 70,000	\$ 80,000
Total Other Funds Revenues	\$ 75,250	\$ 81,500

POSITIONS / FTE:		
Compliance Specialist 1	1/0.67	1/0.50

EFFECTIVE DATE: On passage.

INTERIM JOINT COMMITTEE ON WAYS AND MEANS: The budgetary impact of this bill was not reviewed and approved by the Interim Joint Committee on Ways and Means Committee and is not included in the omnibus budget bill to be introduced by the committee.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: The bill requires appraisal management companies to register with the Appraiser Certification and Licensure Board; establishes standards and prohibitions for appraisal management companies; directs the Board to establish in rules to implement the bill; directs the Board to audit registered companies every two years and issue written findings; authorizes the Board to impose civil penalties not to exceed \$15,000. The registration process becomes operative July 1, 2010.

The Appraiser Certification and Licensure Board anticipate that much of the work to implement this bill can be assumed within existing licensing programs and business structures. The Board indicates that they would need to add a full-time permanent Compliance Specialist 1 position to assist with start-up activities such as rulemaking, form development, education, etc., and that this position would need to continue part-time into the 2011-13 biennium to assist with increased ongoing registration activities and complaints management. The Board anticipates that the requirement to audit each company every two years will be satisfied by adding this function to the renewal process, which is the Board's current practice with appraiser certification. The Board anticipates only doing 1-2 field audits per year which will be selected based on

numbers of complaints or some other “red flag.” Based on these assumptions, expenditures for personal services are estimated at \$74,244 other funds for the 2009-11 and \$55,864 for 2011-13 biennia. Services and Supplies expenditures for 2009-11 include a \$7,647 other fund one-time set-up costs for a computer, workstation, office equipment, and professional services costs to modify existing databases to track registration activities. The Board currently has sufficient financial reserves to cover upfront cash flow needs to implement the program.

The Board anticipates establishing two new fees to cover expenditures: a \$75 application fee and a \$1,000 biennial registration and/or renewal fee. The application fee is set at the same rate that appraisers pay for application review. The registration fee is set at a level required to cover the increased expenditures associated with administration of the appraisal management company (AMC) registration program. The Board assumes that there will be approximately 70 large AMC registered during the 2009-11 biennium based on national data that suggests that there is approximately 1 AMC per 55,000 people and an Oregon population of 3,900,000. The Board anticipates some attrition and new registrants each biennium; hence the estimates for a drop of 10 registrants and an increase of 20 AMC for the 2011-13 biennium. Based on these assumptions total other fund revenues are expected to be \$75,250 for 2009-11 and \$81,500 for the 2011-13 biennia. The actual fee charged for registration fees will likely be reevaluated in the 2011-13 biennium based on actual registration volume and may be adjusted upward or downward as needed to ensure that program administrative costs are covered by fees collected for registration.

The Board indicates that revenues received for civil penalties and related administrative hearings costs are indeterminate at this time. Any civil penalty revenues collected go to the Board. The Board is considered a semi-independent agency and, as such, budget modifications and fee approval are made by the Appraiser Certification and Licensure Governing Board rather than the Legislature.