

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2499 - A

Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session
Legislative Fiscal Office

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Measure Description:

Transfers duties, functions and powers of Department of Consumer and Business Services relating to appraisal management companies to Appraiser Certification and Licensure Board.

Government Unit(s) Affected:

Department of Consumer and Business Services, Appraiser Certification and Licensure Board

Summary of Fiscal Impact:

See Analysis

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:

House Bill 2499 transfers the registration of appraisal management companies (AMC) from the Department of Consumer and Business Services (DCBS) to the Appraiser Certification and Licensure Board (ACLB). The bill specifies that only DCBS records and property relating to appraisal management companies (AMC), not employees, will be transferred to the Appraiser Certification and Licensure Board. The bill also includes regulatory modifications to the AMC program. HB 2499 becomes operative January 1, 2012, but the bill allows DCBS and the ACLB to take actions necessary before that date. The bill contains an emergency clause and is effective on passage.

This bill will align state regulations with federal requirements. The Dodd-Frank Wall Street Reform and Consumer Protect Act became law on July 21, 2010. This Act specifies minimum requirements for regulating AMCs, and mandates AMCs to be subject to registration and supervision by state appraiser certifying and licensing agencies.

If this bill passes, the unexpended balances of amounts authorized to be expended by DCBS for the administration of appraisal management companies for the biennium ending June 30, 2013 are to be transferred to ACLB. DCBS estimates the fund balance for the AMC program at approximately \$160,000 as of September 1, 2011, when the program would be transferred to the ACLB. Note that balance transfer expenditure and revenue amounts are based on March 2011 projections. These numbers will vary slightly depending on exact date of transfer, and actual expenditures and fees collected.

Department of Consumer and Business Services (DCBS)

During the 2010 supplemental session, the Legislative Assembly adopted HB 3624 requiring appraisal management companies (AMC) to register with DCBS by January 1, 2011. When HB 3624 (2010) was adopted, DCBS received no additional expenditure limitation or position authority to administer the program. DCBS used existing staff and resources to implement the program. Because of this fact, no expenditure limitation or position authority will need to be phased out of the DCBS budget.

DCBS set up a tiered fee structure to provide for start-up costs, and to fund the program through the first two-year registration period. An application fee, a registration fee and an audit fee were established

through administrative rule. AMCs paid the actual cost of the criminal background checks. DCBS worked with ACLB on the implementation of the AMC program, and DCBS information technology and accounting staff will work with ACLB staff to ensure a smooth transfer of all registration and accounting processes and records. DCBS will conduct rulemaking to repeal all AMC administrative rules, and modify the agency's website to notify AMCs of the transfer of the program. Although DCBS will use existing staff and resources to work with ACLB to conduct these transition activities, DCBS anticipates charging the AMC program account for the amount of staff time and resources required. DCBS estimates this transition cost to be approximately \$4,800. The estimated \$160,000 ending balance transfer amount previously quoted includes this cost.

Appraiser Certification and Licensure Board (ACLB)

Initially, ACLB anticipates using existing staff during the first phase of the transition process, then establishing two new positions (1.50 FTE) to support the administration of the AMC program. ACLB anticipates establishing a Compliance Specialist 2 position (1.00 FTE) and an Administrative Specialist 1 position (0.50 FTE) to develop and implement rules and procedures for registering and renewing AMCs, processing complaints, and conducting compliant audits. In addition to Personal Services, and related Services and Supplies costs, other expenditures include the development of a database to track AMC registration, renewal and enforcement. ACLB estimates total AMC program cost to be \$442,966 Other Funds for the 2011-13 biennium and \$391,511 Other Funds for the 2013-15 biennium. The Board currently has sufficient funds in reserve to cover initial expenditures.

ACLB projects revenue to be approximately \$328,000 per biennium. This revenue projection is based on the current DCBS fee structure. ACLB anticipates reviewing the current fee structure to determine whether changes may be necessary to cover the projected costs of the program.

As the program develops and compliance is fully implemented, ACLB may also realize revenue from civil penalties assessed and collected. At this time, revenue from civil penalties, as well as the cost of Department of Justice legal counsel and administrative hearings cannot be predicted.

Note that the Appraiser Certification and Licensure Board is a semi-independent state agency subject to ORS 182.456 to 182.472. The agency's budget is not subject to Executive Branch review, or approval or modification by the Legislative Assembly.