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**Testimony of the Appraisal Institute before the Senate Committee on Environment and Natural Resources  
regarding H.B. 2801 relating to energy efficiency**

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Chairman Dingfelder, Vice Chair Olsen, and members of the Senate Committee on Environment and Natural Resources, on behalf of the Appraisal Institute, the largest professional association of real estate appraisers in the United States, thank you for the opportunity to provide testimony regarding H.B. 2801, which would direct the Appraiser Certification and Licensure Board (ACLB) to develop a program for certifying state certified and licensed appraisers as competent to prepare and complete an opinion of value on the value associated with the value of energy efficiency features of a building located on real property.

We have several concerns with H.B. 2801 as amended by the House.

1. The ACLB is not the appropriate group to provide education or issue certification on this issue. The ACLB administers the program of minimum licensure and certification for practice of appraisal in Oregon, but is only an administrator of such programs. Their current role is only to approve education from professional organizations, universities and private education providers.
2. Development of such a certification program would be a costly endeavor, and would amount to an unfunded mandate for the ACLB, which has important public protection duties to administer. Currently, the ACLB has a small staff, and none are involved in education development or confer any credentialing program.
3. The Appraiser Qualifications Board recently modified the Real Property Appraiser Qualification Criteria to require that appraisers receive education in the valuation of energy efficient features in residential and commercial real property as part of their qualifying education.
4. No other state appraiser regulatory authority in the country has the responsibility for evaluating the competence of an appraiser to appraise any specific property type or specific features of a property. If Oregon were to require the ALCB to issue certifications in the appraisal of energy efficient features of real property, it could set a precedent by which the ALCB is asked by the legislature and/or stakeholder groups to also confer certifications in specific property types or features, such as manufactured housing, industrial properties, hotel & leisure properties, timberland, etc. This is not an appropriate role for the ALCB.
5. Further, the green/energy efficiency issue is an evolving issue, and is one where technology is progressing quickly. If the state were to develop a certification program, the ACLB would have to monitor these developments and update the program accordingly.

It is worth noting that education on the valuation of sustainable buildings is already available to all appraisers and being provided to appraisers who want to offer themselves as having more than a basic understanding of these issues. A comprehensive body of knowledge already exists at a professional level and does not need to be required by legislative mandate.

The Appraisal Institute has also developed a Green and Energy Efficient Addendum to be used by appraisers in analyzing how the market may be responding to green and energy efficient features. The Addendum is available to all appraisers and can be completed by third parties to be provided to appraisers.

### Recommendations

The Appraisal Institute supports the Oregon Legislature promoting green and energy efficiency issues in the real estate industry. We believe there are several ways in which the Legislature can accomplish this without overburdening the ACLB and by utilizing existing resources and programs devoted to this issue. They include:

- Striking the appraisal provision from H.B. 2801 to be considered separately with a corresponding fiscal impact statement specifically related to the appraisal provision.
- Directing the ACLB to approve and publicize existing green/energy efficiency education programs offered in the state of Oregon leading to the conference of certificates of completion.
- Amending licensing and certification requirements to recognize such programs as meeting the competency provision of USPAP in valuing sustainable properties.
- Requiring the ACLB to monitor the approved programs to ensure that they are current.

We encourage the Committee to amend the bill with these recommendations. We would be pleased to work with this Committee and bill sponsors to address any remaining issues of concern and promote the important issue for consumers and the real estate and finance sectors of our economy.

If you have any questions or would like additional information, please contact Scott DiBiasio, Manager of State and Industry Affairs, at 202-298-5593 or [sdibiasio@appraisalinstitute.org](mailto:sdibiasio@appraisalinstitute.org).