

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	18,290	23,300	18,290	16,300
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	18,290	23,300	18,290	16,300

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 139 contains numerous changes to the Real Property Appraiser Act. The following is a summary of the changes which have a potential fiscal impact along with the Real Property Appraiser Board's estimate of the increase in expenditures and revenue.

	EXPENDITURES		REVENUE	
	FY15-16	FY16-17	FY15-16	FY16-17
Clarification of the ability to investigate non-credentialed individuals.	3,815	3,815		
Expand activities that qualify for per diem payments to Board members.	7,500	7,500		
Addition of a Real Property Associate credential.	1,450	1,450	22,500	15,500
Clarification of authority over temporary permit holders.	3,090	3,090		
Addition of Inactive Status for current credential holders	0	0	800	800
Additional acts or omissions that are considered grounds for disciplinary action/application denial.	2,435	2,435		
<b>Total</b>	<b>18,290</b>	<b>18,290</b>	<b>23,300</b>	<b>16,300</b>

The estimated \$7,500 increase in per diems paid to Board members will require a like increase in the Board's "Salary Limit". Taking out the per diem increase from the total expenditure estimate leaves \$10,790 of operating expenses related to the other statute changes, with a large portion related to increased attorney fees (\$6,875) due to increased enforcement activity. There is no basis to disagree with the Board's estimated impact on expenditures and revenue.

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2015

LB<sup>(1)</sup> LB 139

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Nebraska Real Property Appraiser Board

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Date Prepared: <sup>(4)</sup> 1/21/2015

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	<u>18,290.00</u>	<u>23,300.00</u>	<u>18,290.00</u>	<u>16,300.00</u>
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>23,300.00</u>	<u>_____</u>	<u>16,300.00</u>

Explanation of Estimate:

LB139 addresses a multitude of issues concerning the administration and enforcement of the Real Property Appraiser Act. The primary purpose is to eliminate inconsistencies within the Act, and inconsistencies between the Act and the Uniform Standards of Professional Appraisal Practice (USPAP), the standards recognized by the Appraisal Subcommittee through Title XI of the Financial Institutions reform, Recovery, and Enforcement Act of 1989. Another intent of LB139 is to provide clarity for administrative issues recently faced by the Nebraska Real Property Appraiser Board. Many of the changes shown in LB139 would have no impact on the Board's expenditures and revenues.

LB139 clarifies the Real Property Appraiser Board's ability investigate non-credentialed individuals and to issue cease and desist orders related to non-credentialed appraisal practice (section 43, section 63). This change will have a negative effect on the agency's overall workload (staff processes 5 additional grievances @ 20 hours per grievances = 100 additional hours for staff per fiscal year). In addition, this change will result in an increase to operating expenditures as additional communications and the potential for additional enforcement may be needed. The following estimates are related to this change:

- 15% increase in legal services expenditures (541500) due to the additional orders that will be issued by the agency through its Special Assistant Attorney General = \$3,750.00
- Postage increase (521100) - \$20.00 per fiscal year
- Voice/data communications (521200) - \$20.00 per fiscal year
- Office supplies (531100) - \$25.00 per fiscal year

Total increase to expenditures related to this change is \$3,815.00 per fiscal year.

LB139 expands activities that qualify for per diem payments within a fiscal year (section 45). This change will have a negative effect on the agency's workload (estimated 100 additional hours for staff to process additional per diem payments per fiscal year). In addition, this change is expected to result in a \$7,500.00 increase in per diem payment expenditures (511600) – (Maximum of 15 submissions per board member = 75 submissions x \$100.00 per submission = \$7,500.00).

LB139 adds a real property associate credential for those wishing to be recognized within the appraiser community with a professional designation, but not become a licensed, certified residential, or certified general real property appraiser. This credential may be utilized by county assessor's offices, banks, attorneys, and those in the real estate profession (Section 48). This change will have a negative effect on the agency's overall workload (FY 15-16 - estimated 5 hours per initial application (based on current application process) x 50 applications = 250 hours; FY 16-17 - estimated 5 hours per initial application (based on current application process) x 10 applications = 50 hours; 1 hour per renewal application (based on current renewal process) x 40 applications = 40 hours) Finally, this change will result in a slight increase to operating expenditures as additional communications and the potential for additional enforcement may be needed. The following estimates are related to this change:

- Postage increase (521100) - \$50.00 per fiscal year
- Voice/data communications (521200) - \$50.00 per fiscal year
- Office supplies (531100) - \$50.00 per fiscal year
- Legal services expenses (541500)– 5% increase in attorney fees due to additional enforcement requirements = \$1250.00 per fiscal year
- Legal related services expenses (541700)– 2.5% increase due to additional enforcement requirements = \$50.00 per fiscal year

Total increase to expenditures related to this change is \$1,450.00 per fiscal year.

Credentialing fees will be charged for this credential the same as the current credentialing fee for the licensed, certified residential, and certified general appraisers, which will result in an increase of revenue (FY 15-16 – estimated 50 new real property associates = \$300.00 credentialing fee x 50 new associates = \$15,000.00, \$150.00 application fee x 50 new associates = \$7,500.00; FY16-17 - estimated 10 new real property associates = \$300.00 credentialing fee x 10 new associates = \$3,000.00, \$150.00 application fee x 10 new associates = \$1,500.00, \$275.00 renewal fee x 40 renewed real property associates = \$11,000.00 ).

Total increase in revenue related to this change for FY 15-16 is \$22,500.00.

Total increase in revenue related to this change for FY 16-17 is \$15,500.00.

LB139 clarifies the board's authority over temporary permit holders. Currently, the board's authority is unclear after the assignment is completed and a complaint is filed against the temporary permit holder (section 56). This change will have a negative effect on the agency's overall workload (Staff time spent on investigation = approximately 25 hours per investigation, estimate 2 new grievances per fiscal year as a result of this clarification = 50 additional hours for staff per fiscal year). This change will also result in an increase to operating expenditures related to enforcement. The following estimates are related to this change:

- Postage increase (521100) - \$10.00 per fiscal year
- Voice/data communications (521200) - \$10.00 per fiscal year
- Office supplies (531100) - \$20.00 per fiscal year
- Legal services expenses (541500)– 5% increase in attorney fees due to additional enforcement requirements = \$1250.00 per fiscal year
- Legal related services expenses (541700)– 2.5% increase due to additional enforcement requirements = \$50.00 per fiscal year
- Other contractual services (554900) – Increase for Standard 3 review contractors to review appraisal reports for compliance with USPAP (all reports likely to be commercial properties, current rate is \$875.00 per review for commercial property x 2 grievances per fiscal year = \$1,750.00

Total increase to expenditures related to this change is \$3,090.00 per fiscal year.

LB139 adds inactive status for currently credentialed appraisers (Section 58). Instead of having to let a credential lapse, an appraiser would have a set period in which he or she could continue to meet continuing education requirements, but not have an active credential. This ability would prevent an appraiser from being required to reapply and meet the current requirements for credentialing if he or she was unable to practice for a short amount of time. This change will have a minimal effect on the agency's overall workload (1 hour process time per applicant x estimated 2 applicants per year = 2 additional staff hours per fiscal year). Estimated revenues include 2 \$100.00 application fees each fiscal year (\$200.00), and 2 \$300.00 inactive status fees for each fiscal year (\$600.00).

Total increase in revenue related to this change for each fiscal year is \$800.00.

LB139 adds additional acts or omissions that shall be considered grounds for disciplinary action or denial of application by the board (section 62). This change will have a negative effect on the agency's overall workload (staff processes 2 additional grievances @ 25 hours per grievances = 50 additional hours for staff per fiscal year). In addition, this change will result in an increase to operating expenditures as additional communications and the potential for additional enforcement may be needed. The following estimates are related to this change:

- Postage increase (521100) - \$10.00 per fiscal year
- Voice/data communications (521200) - \$10.00 per fiscal year
- Office supplies (531100) - \$20.00 per fiscal year
- Legal services expenses (541500)– 2.5% increase in attorney fees due to additional enforcement requirements = \$625 per fiscal year
- Legal related services expenses (541700)– 1% increase due to additional enforcement requirements = \$20.00 per fiscal year
- Other contractual services (554900) – Increase for Standard 3 review contractors to review appraisal reports for compliance with USPAP (all reports likely to be commercial properties, current rate is \$875.00 per review for commercial property x 2 grievances per fiscal year = \$1,750.00

Total increase to expenditures related to this change is \$2435 per fiscal year.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			18,290.00	18,290.00
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>18,290.00</b>	<b>18,290.00</b>