

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	1,035	100	1,035	100
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	1,035	100	1,035	100

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

LB 684 rewrites and clarifies provisions of the Nebraska Appraisal Management Company Registration Act. This Act is administered by the Real Property Appraiser Board.

The Board has estimated that changes in LB 684 will increase their expenditures by \$1,035 annually. The largest component of this increase is \$885 for legal services related to potential enforcement action of changes in sections 2 and 3. The other expenses (\$150) are for postage, communications and office supplies.

The Board has estimated a minor increase in revenue of \$100 annually from allowing them to charge a fee for “special examinations and other services provided by the board”. There is no basis to disagree with the expenditure and revenue estimates provided by the Board.

Section 12 expands the use of the Appraisal Management Company Fund beyond implementing, administering and enforcing the act to include meeting the “necessary expenditures of the board”. Although this change does not increase or decrease overall expenditures or revenue of the Board it will allow the Appraisal Management Company Fund to be used to support the Real Property Appraiser Act.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 684	AM:	AGENCY/POLT. SUB: Real Property Appraisers.
REVIEWED BY: Gary Bush	DATE: January 21, 2014	PHONE: 471-4161
COMMENTS: Agency's estimate of impact appears to be reasonable.		

LB⁽¹⁾ 684

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾Nebraska Real Property Appraiser BoardPrepared by: ⁽³⁾ Tyler KohtzDate Prepared: ⁽⁴⁾ January 21, 2014Phone: ⁽⁵⁾ 402-471-9015ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	1035.00	100.00	1035.00	100.00
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>1035.00</u>	<u>100.00</u>	<u>1035.00</u>	<u>100.00</u>

Explanation of Estimate:

LB684 addresses a multitude of issues concerning the administration and enforcement of the Appraisal Management Company Registration Act, which has been in effect since January 1, 2012. The primary purpose is to provide clarity for administrative issues recently faced by the Nebraska Real Property Appraiser Board. The majority of changes shown in LB684 would have no impact on the Board's expenditures and revenues.

LB684 changes the definition of appraisal management company to include all third party companies that provide the services described (Section 2). Currently, only those companies that provide the described services in connection with valuing residential real property are appraisal management companies. This service would likely be offered by appraisal management companies already registered in Nebraska, so this change would not result in any additional revenue. This change will have a negative effect on the agency's overall workload, but not to the extent that additional staffing is needed (estimated 20 additional hours for staff per fiscal year). 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)– 10% increase in attorney fees due to additional enforcement requirements = \$250.00 per fiscal year
- Legal related services expenses (541700)– 5% increase due to additional enforcement requirements = \$10.00 per fiscal year

Total increase to expenditures related to this change is \$410.00

LB684 also clarifies the Real Property Appraiser Board's ability to issue cease and desist orders related to unregistered appraisal management company practice (Section 3). This change will have a negative effect on the agency's overall workload, but not to the extent that additional staffing is needed (staff processes 5 additional grievances @ 20 hours per grievances = 100 additional hours for staff per fiscal year). In addition, this change is expected to result in a 25% increase in legal services expenditures (541500) due to the additional orders that will be issued by the agency through its Special Assistant Attorney General = \$625.00

The investigation and hearing procedures are changed in LB684 (Section 10) to more closely reflect those found in the Real Property Appraiser Act (N.R.S. §76-2239 and 76-2240). This change establishes consistency for the board enforcing and administering both the Appraisal Management Company Registration Act and the Real Property Appraiser Act, which will result in increased staff efficiency when enforcing the Appraisal Management Company Registration Act. This change will have positive effect on the agency's overall workload, but not to the extent that a staff reduction is needed (estimated reduction of 10 hours for staff per fiscal year).

LB684 expands the board's use of the Appraisal Management Company Fund to include fees for special examinations and other services provided by the board (p. 13, lines 1-7). This language mirrors the language found in the Real Property Appraiser Act (Neb. Rev. Stat. §76-2241). Currently, the board has not authority to charge a fee for administrative duties, such as preparing a status summary for another state. This is expected to increase sale of services (47100) revenues by \$100.00 per fiscal year. Currently the Board issues approximately 10 status summaries per fiscal year.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			1035.00	1035.00
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			1035.00	1035.00