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 DATE PREPARED: April 01, 2010
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LB 931

Revision: 02

Revised to reflect amendments adopted through 3/29/10 and to clarify previous comments.

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2010-11		FY 2011-12	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		(see below)		(see below)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 931, as amended, would allow a broker's price opinion (BPO) and comparative market analysis (CMA) prepared by a person licensed under the Nebraska Real Estate License Act to be used for lending purposes in a non-federally related transaction. Such opinion or analysis cannot be used as the sole basis to determine the value of the real estate. Other provisions of the bill as amended make various somewhat technical changes to the Real Property Appraiser Act.

The **Nebraska Real Estate Commission** acknowledges that enforcement activities related to the expanded use of broker's price opinions and comparative market analyses could increase their expenditures, but any increase is highly speculative and would vary from year to year. For this reason they have indicated no fiscal impact.

The **Nebraska Real Property Appraiser Board** has indicated that this bill could significantly reduce their revenue from credential (licensure) fees. This is based on the assumption that since real estate brokers and salespersons will now be able to produce reports for lenders and borrowers that previously were prepared by a credentialed appraiser the income of the appraiser will decline to the point that they are forced out of business.

To the extent that financial institutions have been hiring appraisers to perform valuation reports in non-federally related transactions, and now choose to use BPO's and CMA's instead, there could be a loss of business income to appraisers. Information on the extent to which financial institutions have been using appraisers in the evaluation process is currently not available. It is also unknown whether banks will choose to continue to use appraisers or switch to a BPO or CMA. For these reasons the potential cash fund revenue loss is unknown at this time and may not rise to the level of "significant" as indicated by the Board.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Gary Bush	DATE	3/30/10	PHONE	471-2526
COMMENTS					
NEBRASKA REAL ESTATE COMMISSION: No basis to disagree. NEBRASKA REAL PROPERTY APPRAISER BOARD: No basis to disagree with estimate.					