

**Maryland General Assembly  
Department of Legislative Services**

**Proposed Regulation  
Department of Labor, Licensing, and Regulation  
(DLS Control No. 15-233)**

---

**Overview and Legal and Fiscal Impact**

The regulation reduces fees charged to an appraisal management company for application review, original registration, and annual registration with the Commission of Real Estate Appraisers, Appraisal Management Companies and Home Inspectors (commission).

This regulation presents no legal issues of concern.

Special fund revenues decrease by approximately \$39,500 in fiscal 2016 and by approximately \$79,000 annually thereafter. Due to required annual reversions, general fund revenues likewise decrease by the amount of the special fund revenue reductions.

**Regulation of COMAR Affected**

**Department of Labor, Licensing, and Regulation:**

Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors – Appraisal Management Companies: COMAR 09.39.01.01

---

**Legal Analysis**

**Background**

On September 15, 2015, Governor Larry Hogan announced a plan to reduce or eliminate a number of fees across State government. This regulation is part of that plan. Additional information regarding Governor Hogan's fee reduction initiative may be found [here](#).

**Summary of Regulation**

Regulation .01B reduces from \$2,250 to \$1,750 the fee for an original appraisal management company to register with the commission. Regulation .01C reduces from \$2,500 to \$2,000 the fee for an annual appraisal management company registration fee.

**Legal Issue**

This regulation presents no legal issues of concern.

## **Statutory Authority and Legislative Intent**

The Department of Labor, Licensing, and Regulation cites §§ 16-217, 16-5B-04, and 16-5B-18 of the Business Occupations and Professions Article as authority for the regulation. Specifically, § 16-217 authorizes the commission to set reasonable fees for its services by regulation and requires the fees set to approximate administrative costs based on calculations performed by the Secretary of Labor, Licensing, and Regulation. Section 16-5B-04 authorizes the commission to set by regulation reasonable fees for registration of appraisal management companies. Section 16-5B-18 broadly authorizes the commission to adopt regulations that are necessary to implement, administer, and enforce the subtitle.

This authority is correct and complete. Assuming that, following the fee reductions, fee revenues continue to approximate administrative costs, the regulation complies with the legislative intent of the law.

## **Technical Corrections and Special Notes**

The Department of Legislative Services advised the commission that the existing regulation contains a typographical error where it does not include an “and” conjunction for sections B. and C. Although this is non-standard punctuation, other lists within Title 9 contain similar punctuation. Since this is the only regulation within Subtitle 39, the Department of Legislative Services recommended that this regulation be revised to reflect drafting conventions. The commission has agreed to incorporate the change in its submission.

## **Fiscal Analysis**

Special fund revenues decrease by approximately \$39,500 in fiscal 2016 and by approximately \$79,000 annually thereafter. Due to required annual reversions, general fund revenues likewise decrease by the amount of the special fund revenue reductions.

## **Agency Estimate of Projected Fiscal Impact**

The department advises the special fund revenues for the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors Fund decrease by \$79,000 annually. The Department of Legislative Services generally concurs with this assessment but notes that the regulation will likely only be effective for half of fiscal 2016, reducing special fund revenue by approximately \$39,500 in that year only.

Further, at the end of each fiscal year, any unspent and unencumbered portion of the fund in excess of \$100,000 is reverted to the general fund. Required reversions in fiscal 2013 through 2015 were \$544,014, \$571,587, and \$225,260, respectively. Assuming this trend of reversions continues, the regulation – which reduces special fund revenues – also reduces general fund revenues. Therefore, general fund revenues decrease by approximately \$39,500 in fiscal 2016 and by approximately \$79,000 annually thereafter.

There is no effect on special fund or general fund expenditures.

## **Impact on Budget**

There is no impact on the State operating or capital budget.

## **Agency Estimate of Projected Small Business Impact**

The department advises that the regulation has a meaningful impact on small businesses in the State. While most appraisal management companies are large, national entities, the fee reduction will benefit small appraisal management companies. The Department of Legislative Services concurs that the reduction is beneficial for such small businesses but notes that the impact is not likely significant.

## **Additional Comments**

The department advises that the regulation allows the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors to generate sufficient funds to cover its direct and indirect costs incurred in its regulatory oversight of appraisal management companies and to lower its surplus funds to a more prudent level. The fiscal resources needed to operate the appraisal management company sector of the commission have been less costly than expected when the fees were established in 2012.

## **Contact Information**

**Legal Analysis:** Laura H. Atas – (410) 946/(301) 970-5350

**Fiscal Analysis:** Stephen M. Ross – (410) 946/(301) 970-5510