

**Department of Legislative Services**  
 Maryland General Assembly  
 2003 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 583

(Senator McFadden)

(By Request – Baltimore City Administration)

Finance

Economic Matters

**Department of Labor, Licensing, and Regulation - Real Estate Appraisers -  
 Baltimore City - Reports**

This bill requires a licensed or certified real estate appraiser to file quarterly reports with the State Commission of Real Estate Appraisers and Home Inspectors, or the commission’s designee, indicating the address and appraised value of residential real estate in Baltimore City upon which the appraiser performed an appraisal during the calendar quarter. The report shall be open for inspection only to representatives of government agencies for investigation of fraudulent activities.

The Baltimore City Department of Housing and Community Development must serve as the designee of the State Commission of Real Estate Appraisers and Home Inspectors and will receive and maintain the reports filed under the bill until funding is provided to the commission to establish a database capable of storing the reports and to hire staff to maintain the database.

**Fiscal Summary**

**State Effect:** General fund expenditures would increase when and if the State provides funding for positions and computer capacity upgrades (about \$152,200 in the first year).

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	-	-	-	-
Net Effect	\$0	\$0	\$0	\$0	\$0

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** Significant expenditure increases for the Baltimore City Department of Housing and Community Development.

**Small Business Effect:** Minimal impact to real estate appraisers due to increased reporting and filing requirements.

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## **Analysis**

**Current Law:** Real estate appraisers are not required to report appraisals and valuation changes to the department.

**Background:** Ninety percent of licensed real estate appraisers utilize the department's online licensing service. The department indicates that an online reporting system could be utilized at similar levels. The Department of Legislative Services concurs with the department's assessment.

**State Fiscal Effect:** When and if the State is able to provide funds for positions and computer capacity upgrades, general fund expenditures could increase by an estimated \$152,238 in the first fiscal year in which State funds are provided. This estimate is expressed in fiscal 2004 dollars and reflects the cost of hiring one inspector and one administrative assistant to verify and maintain quarterly reports. It includes salaries, fringe benefits, one-time start-up costs, ongoing operating expenses, and computer upgrade costs. The Department of Labor, Licensing, and Regulation's Office of Information Management indicates that an interface system with a records database would cost \$85,000 to implement in fiscal 2004.

Future year expenditures would reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; (2) 1% annual increases in ongoing operating expenses including \$1,000 in annual printing costs; and (3) removal of one-time computer capacity upgrade costs.

**Local Fiscal Effect:** The Baltimore City Department of Housing and Community Development will be required to add substantial monitoring and reporting functions to maintain records of all real estate appraisal transactions performed on property in the city.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 521 (Delegate Marriott) – Economic Matters.

**Information Source(s):** Department of Labor, Licensing and Regulation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 14, 2003  
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