

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 117

(Chair, Finance Committee)(By Request - Departmental -
Labor)

Finance

Economic Matters

**Real Estate Appraisers and Real Estate Appraiser Trainees - Licenses and
Certificates - Experience, Renewal, and Reinstatement Requirements**

This departmental bill reduces the *statutory* 2,000 hour minimum work experience requirements for licensure or certification as a real estate appraiser to 1,000 hours and 1,500 hours, respectively. Existing regulations require more experience, as discussed below. The bill also increases the period of time, from two to three years, during which an individual may apply to the Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors for reinstatement of a license or certification under standard processes, and establishes further processes for commission discretion in granting reinstatements after three years. Finally, the bill removes the limitation on the number of times a real estate appraiser trainee license may be renewed, repeals the related renewal fee, and establishes conforming reinstatement provisions.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations, as discussed below.

Local Effect: None.

Small Business Effect: The Maryland Department of Labor (MDL) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: Generally, an individual must be licensed or certified by the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors in MDL before the individual may provide real estate appraisal services or certified real estate appraisal services in the State.

Statute requires that, in addition to other requirements, an applicant for initial licensure or certification must have completed at least 2,000 hours of real estate appraiser services as a trainee under the supervision of a certified appraiser. However, regulations specify requirements of 2,000 hours for licensure, 2,500 hours for residential certification, and 3,000 hours for general real estate certification, completed over a minimum of two to two and a half years.

Appraiser licenses and certifications must be renewed every three years – initial and renewal fees are \$250 – and may be reinstated within two years of lapsing for \$75. Appraiser trainee licenses may be renewed *one time* within three years – the initial and renewal fee is \$150 – there is no specified process for the reinstatement of trainee licenses.

Background: Chapter 594 of 1990 established the commission (formerly the State Commission of Real Estate Appraisers) to implement and administer a real estate appraiser licensing and certification program that complies with federal law. Commission authority was later expanded to include home inspectors (2001) and appraisal management companies (2011).

State Revenues: The bill reduces special fund revenue by eliminating the appraiser trainee license renewal fee, currently established in regulation at \$150. However, the bill also potentially increases special fund revenue by (1) reducing the threshold for licensure or certification as a real estate appraiser, if MDL adopts regulations lowering the current limits, and (2) increasing the likelihood of additional reinstatements. None of the changes in the bill are particularly substantial in terms of revenue, and therefore the overall effect on State finances is negligible.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Department of Labor; Department of Legislative Services

Fiscal Note History: First Reader - January 8, 2020
mr/mcr Third Reader - March 12, 2020
Revised - Amendment(s) - March 12, 2020

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Business Occupations and Professions – Real Estate Appraisers and Real Estate Appraiser Trainees– License Renewal and Reinstatement

BILL NUMBER: SB 117

PREPARED BY: Todd Blackistone, Executive Director, Commission of real estate appraisers, appraisal management companies, and home inspectors.

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

To the extent that appraiser trainees work in small businesses, there will be a minimally positive impact on small businesses because the trainees will be able to stay employed, and the business will not have to continuously train new employees.