

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 827

(Senator Hayes)

Finance

Economic Matters

**State Commission of Real Estate Appraisers, Appraisal Management Companies,
and Home Inspectors – Sunset Extension**

This bill extends the termination date for the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors within the Maryland Department of Labor (MDL) by three years to July 1, 2026. The bill also requires an independent evaluation of the commission. **The bill takes effect June 1, 2023.**

Fiscal Summary

State Effect: No effect in FY 2023. In FY 2024 only, special fund expenditures increase by between \$50,000 and \$75,000 to hire a consultant for the required evaluation. Special fund revenues and expenditures for the commission are otherwise maintained from FY 2024 through 2026.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: MDL must hire a consultant to conduct an independent evaluation to determine if the commission is adhering to the most recent Uniform Standards of Professional Appraisal Practice's diversity, equity, and inclusion guidelines in its regulation of real estate appraisers and appraisal management companies in the State.

The evaluation must be conducted in consultation with the Office of Program Evaluation and Government Accountability (OPEGA) in the Department of Legislative Services.

The report must be (1) completed for consideration by the committees of jurisdiction during the 2024 legislative session and (2) submitted by MDL, as specified, by January 1, 2024.

Current Law/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).

Federal law requires all states to implement an appraisal licensing program in accordance with federal requirements. The commission fulfills that requirement.

The commission is 1 of approximately 60 regulatory entities and activities subject to termination unless reauthorized periodically through statute. Under the Maryland Program Evaluation Act, these entities may also be subject to an evaluation by OPEGA within DLS prior to their termination. However, OPEGA may conduct an evaluation only if directed by specified entities or by legislation. The commission is scheduled to terminate July 1, 2023; OPEGA was not asked to conduct an evaluation prior to its termination. Accordingly, the commission requires reauthorizing legislation.

State Expenditures: MDL advised for a prior introduction of the bill that an exact estimate of the cost to hire the independent consultant cannot be determined. However, the department assumed the cost to total between \$50,000 and \$75,000. Any such cost is assumed to be incurred in fiscal 2024.

Additional Information

Prior Introductions: Similar legislation has been introduced within the last three years. See SB 213 2022.

Designated Cross File: HB 909 (Delegate Holmes) - Economic Matters.

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

Fiscal Note History: First Reader - February 17, 2023
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