

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 518

(Senator A. Washington)

Judicial Proceedings

Environment and Transportation

Task Force on Property Appraisal and Valuation Equity - Alterations

This bill extends the termination date of Chapter 654 of 2022, which established a Task Force on Property Appraisal and Valuation Equity, from June 30, 2024, to December 31, 2024. The bill also extends the date by which the required report is to be submitted from October 31, 2023, to October 31, 2024. **The bill takes effect June 1, 2024.**

Fiscal Summary

State Effect: Extending the reporting due date and termination date of the task force can be handled with the existing resources of the Department of Housing and Community Development (DHCD). Any expense reimbursements for task force members are assumed to continue and to be minimal and absorbable within existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 654 established a Task Force on Property Appraisal and Valuation Equity to be staffed by DHCD. The task force was required to report its findings and recommendations to the Governor and General Assembly by October 31, 2023.

The task force must address the persistent misvaluation and undervaluation of property owned by minorities by:

- studying strategies and actions that will:

- help ensure that governmental oversight and industry standards and practices further valuation equity;
- increase training of appraisers to combat valuation bias;
- remove barriers to entry into the appraisal profession by minorities;
- assist in the development of a model for a meaningful reconsideration of value process;
- reduce or eliminate bias related to automated valuation models and alternative property valuation methods; and
- identifying legislative or other policy recommendations that will provide a comprehensive and coordinated approach for reducing bias in valuations, through enforcement, compliance, or other methods.

The first meeting of the task force occurred on October 26, 2023.

Property Appraisal Process in Maryland

The Maryland Commission of Real Estate Appraisers, Appraisal Management Companies and Home Inspectors was established in 1990 and licenses and regulates individuals who perform real estate appraisal services in connection with federally related transactions. As defined in the federal Financial Institutions Reform, Recovery and Enforcement Act of 1989, this includes appraisal management companies. The commission also regulates appraisal management companies and individuals who provide appraisal or home inspection services pursuant to the Business Occupations and Professions Article.

Real estate appraisers provide estimates of the value of commercial and residential real property to their clients. Real estate appraisals are most often associated with the purchase of a home and are often shared with the buyer, seller, and broker involved in a real estate transaction. Generally, however, an appraiser's client is a mortgage lender seeking an accurate value for the home that serves as collateral in the loan transaction. Appraisal services are also used for a variety of other purposes, including estate planning and property insurance.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 285 (Delegate Holmes, *et al.*) - Environment and Transportation.

Information Source(s): Maryland Association of Counties; Maryland Municipal League; Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Department of Housing and Community Development; Maryland Department of Labor; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - February 9, 2024
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