



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 130-20 – Real Estate Appraiser Board Regulations
Department of Professional and Occupational Regulation
November 30, 2012

Summary of the Proposed Amendments to Regulation

The Real Estate Appraiser Board (Board) proposes to increase most fees paid by licensees, registrants and certificate holders that are subject to the Board's authority.

Result of Analysis

There is insufficient information to accurately gauge whether benefits are likely to outweigh costs for these proposed changes.

Estimated Economic Impact

Under current regulations, business entities that practice real estate appraisal pay \$100 for initial registration with the Board, a biennial renewal fee of \$60 and, when necessary, a reinstatement fee of \$100. Temporary certification for general or residential real estate appraisers and temporary licensure for residential real estate appraisers currently cost \$45. Certified general real estate appraisers, certified residential real estate appraisers and licensed residential real estate appraisers all currently pay an initial fee of \$141, a biennial renewal fee of \$141 and, if applicable, a reinstatement fee of \$201. Appraiser trainees currently pay an initial fee of \$96, a biennial renewal fee of \$60 and a fee of \$121 if they ever need to be reinstated by the Board. Instructors pay an initial certification fee of \$135 for certification, a fee of \$125 for biennial certification renewal and a \$230 fee if they ever have to get their certification reinstated. Licensees currently pay \$65 for upgrade of license. The fee for real estate appraiser training course approval is currently \$135. The Board now proposes to increase all of these fees.

Below is a comparison table for current and proposed fees:

FEE TYPE	CURRENT FEE	PROPOSED FEE	% INCREASE
Initial Registration of Business Entity	\$100	\$160	60%
Initial Temporary Certification for General Real Estate Appraiser	\$45	\$75	67%
Initial Temporary Certification for Residential Real Estate Appraiser	\$45	\$75	67%
Initial Temporary Licensure for Residential Real Estate Appraiser	\$45	\$75	67%
Initial Certification for General Real Estate Appraiser	\$141	\$281	99.3%
Initial Certification for Residential Real Estate Appraiser	\$141	\$281	99.3%
Initial Licensed Residential Real Estate Appraiser	\$141	\$281	99.3%
Initial Registration of Appraiser Trainee	\$96	\$146	52%
Upgrade of Licensure	\$65	\$130	100%
Initial Instructor Certification	\$135	\$150	11%
Renewal of Certification for	\$141	\$196	39%

General Real Estate Appraiser			
Renewal of Certification for Residential Real Estate Appraiser	\$141	\$196	39%
Renewal of Licensed Residential Real Estate Appraiser	\$141	\$196	39%
Renewal of Appraiser Trainee Registration	\$61	\$116	90%
Renewal of Business Entity Registration	\$60	\$120	100%
Renewal of Instructor Certification	\$125	\$150	20%
Reinstatement of Certification for General Real Estate Appraiser	\$201	\$376	87%
Reinstatement of Certification for Residential Real Estate Appraiser	\$201	\$376	87%
Reinstatement of Licensed Residential Real Estate Appraiser	\$201	\$376	87%
Reinstatement of Appraiser Trainee Registration	\$121	\$241	99.3%
Reinstatement of Business Entity Registration	\$100	\$280	180%

Reinstatement of Instructor Certification	\$230	\$300	30.43%
Training Course Approval	\$135	\$150	11%

Board staff reports that, although revenues have fallen short of being able to pay for all expenditures in this and the last biennium, the Board had excess balances that covered budget shortfalls. Absent some fee increase, Board staff reports that the Board will run a deficit in the next biennium. In addition to a surplus finally being depleted, Board staff reports that fees will need to be raised because expenses for developing Department of Professional and Occupational Regulation's (DPOR's) new customer support and licensure software have greatly increased information technology costs over the last several years.

While the number of entities that the Board regulates has increased, other things being equal, the fees from additional regulants would be expected to cover application costs, customer support services costs and any other expenses that the Board might incur in regulating them. Because fees have been kept artificially low so that the Board could use up the surplus that it had accrued, fees from each new licensee or registrant may not, in this instance, been enough to cover the per person application and customer support costs. This notwithstanding, it is likely that the necessity of raising fees would not be as urgent as it now is without large and continuing increases in information technology (IT) expenses over the last few years.

Board staff reports that the DPOR has already paid \$3.6 million, and expects to pay an additional \$1.6 million, for its new automated licensure system. These costs are additional to other IT (VITA) costs which have increased for all state agencies. It is likely that most of the per regulant expenditure increase in the last decade is due to these increased information systems costs. Given this information, it is not at all clear that these increased information systems costs represent a net benefit for the Board's regulated entities.

Increasing fees will likely increase the cost of being licensed or registered and, so, will likely slightly decrease the number of people who choose to be remain in these jobs or businesses. To the extent that the public benefits from the Board regulating these professional

populations, they will also likely benefit from the Board's proposed action that will increase fees to support Board activities. There is insufficient information to ascertain whether benefits will outweigh costs.

Businesses and Entities Affected

Board staff reports that the Board currently regulates 4,243 real estate appraisers.

Localities Particularly Affected

No locality will be particularly affected by this proposed regulatory action.

Projected Impact on Employment

Fee increases in this regulatory action will likely marginally decrease the number of individuals who choose to work in professional fields that are regulated by the Board. Individuals who work part time or whose earnings are only slightly higher in these regulated fields than they would be in other jobs that do not require licensure or registration will be more likely to be affected.

Effects on the Use and Value of Private Property

Fee increases will likely slightly decrease business profits and make affected businesses slightly less valuable.

Small Businesses: Costs and Other Effects

Board staff reports that most of the entities regulated by the Board likely qualify as small businesses. Affected small businesses will bear the costs of proposed increased fees.

Small Businesses: Alternative Method that Minimizes Adverse Impact

There are several actions that the Board could take that might mitigate the necessity of raising fees overall. The Board could slightly lengthen the time that it takes to process both license applications and complaints so that staff costs could be cut. This option would benefit current licensees but would slightly delay licensure, and the ability to legally work, for new applicants. Affected small businesses would also likely benefit from increased scrutiny of the IT costs that are driving increases in Board expenditures.

Real Estate Development Costs

This regulatory action will likely have no effect on real estate development costs in the Commonwealth.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.