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FISCAL IMPACT REPORT

ORIGINAL DATE 02/24/11
 SPONSOR SPAC LAST UPDATED 03/08/11 **HB** _____
 SHORT TITLE Add Real Estate Appraisers Board Members **SB** CS/54/aSFC/aSFL#1
 ANALYST Wilson

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$0.5	\$0.5		Recurring	Appraisers Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 55

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation & Licensing Department (RLD)

SUMMARY

Synopsis of SFL#1 Amendment

The Senate Floor Amendment #1 to Senate Bill 54 removes the requirement adding a representative of an appraisal management company to the Real Estate Appraisers Board, thereby bringing the number of members on the Board down to seven instead of eight.

Synopsis of SFC Amendment

The Senate Finance Committee Amendment to Senate Bill 54 clarifies that one member of the board shall represent lenders or their assignees engaged in the business of lending funds secured by mortgages or in the business of appraisal management.

Synopsis of Original Bill

The Senate Public Affairs Committee Substitute for Senate Bill 54 will expand the membership of the Real Estate Appraisers Board (Board) from seven to eight members. The additional member will be a representative of an appraisal management company.

FISCAL IMPLICATIONS

There will be an estimated \$500 cost for travel and per diems for one additional member on the Board. Costs will be borne by the Appraisers Fund.

SIGNIFICANT ISSUES

RLD provided the following:

There is currently a position on the Board reserved for a lender representative. Because many lenders own appraisal management company subsidiaries, those companies are already represented on the Board through the lender member.

A companion bill to SB 54 is SB 55. If SB 55 passes, the number of appraisal management companies under the jurisdiction of the state Appraisal Management Company Registration Act could be significantly reduced. Currently, 80 appraisal management companies are registered with the Board. There are approximately 1,300 appraisers licensed by the Board. Reducing the number of appraisal management companies under the Board's jurisdiction while simultaneously increasing appraisal management company representation on the Board could give these companies representation on the Board disproportionate to their number of licensees.

If SB 55 does not pass and the current 80 appraisal management companies under the jurisdiction of the Board remain under its jurisdiction, there will be more justification for additional appraisal management company representation on the Board.

ADMINISTRATIVE IMPLICATIONS

By adding two members to the Board will require RLD support staff to process per diem and mileage payments for quarterly Board meetings for two additional members. RLD should be able to handle the provisions of this bill with existing staff as part of ongoing responsibilities.

RELATIONSHIP

SB 54 relates to SB 55, Real Estate Appraisal Company Definitions. Please see comments under Significant Issues related to SB 55.

DW/svb:mew:bym