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Fiscal Note

Drafting Number: LLS 22-0320 Date: March 8, 2022
Prime Sponsors: Rep. Roberts; Ricks Bill Status: House Business
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Bill Topic: SUNSET BOARD OF REAL ESTATE APPRAISERS

- Summary of Fiscal Impact:
[X] State Revenue [ ] TABOR Refund
[X] State Expenditure [ ] Local Government
[ ] State Transfer [ ] Statutory Public Entity

Sunset Bill. The Board of Real Estate Appraisers is set to repeal September 1, 2022. This bill continues the board until September 1, 2031, and implements recommendations from the 2021 Sunset Review. The bill continues the board's current revenue and expenditures, with minimal ongoing changes to state revenue and agency workload.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 22 1261^1

Table with 3 columns: Category, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include New Impacts (Revenue, Expenditures, Other Budget Impacts) and Continuing Impacts (Revenue, Expenditures, Other Budget Impacts).

^1 Table 1 shows the new impacts resulting from changes to the program under the bill, and the continuing impacts from extending the program beyond its current repeal date. New impacts under the bill are minimal and not estimated in Table 1 (see State Revenue and Expenditures section). The continuing program impacts will end if the bill is not passed and the program is allowed to repeal.

## Summary of Legislation

The Board of Real Estate Appraisers is set to repeal September 1, 2022. This bill continues the board until September 1, 2031, and implements recommendations from the 2021 Sunset Review. Changes in the bill include:

- requiring the board to adopt rules to allow for an appraiser to provide an evaluation to a financial institution when an appraisal is not required;
- conforming the statute to current federal law;
- clarifying that fines are assessed per violation and cannot exceed \$1,000;
- redirecting fines and penalties from the Division of Real Estate Cash Fund to the General Fund; and
- repealing the requirement to send letters of admonition by certified mail.

## Background

The seven member Board of Real Estate Appraisers is a Governor-appointed body, housed in the Department of Regulatory Agencies that meets every other month to discuss issues related to the regulation of appraisers. The 2021 Sunset Review can be found here:

[https://drive.google.com/file/d/1oB4uH\\_GXcYT8cG0yXJkonBHSNSg9pAGr/view](https://drive.google.com/file/d/1oB4uH_GXcYT8cG0yXJkonBHSNSg9pAGr/view).

## Continuing Program Impacts

Based on the department's FY 2020-21 actual revenue and expenditures, the Department of Regulatory Agencies is expected to have revenue of \$362,019 and expenditures of \$833,966 to administer the Board of Real Estate Appraisers. If this bill is enacted, current revenue and expenditures will continue for the board starting in FY 2023-24. The continuing revenue is subject to the state TABOR limit. If this bill is not enacted, the program will end on September 2, 2023, following a wind-down period, and state revenue and expenditures will decrease starting in FY 2022-23 by the amounts shown in Table 1, above. The impact of other changes under the bill are described in the State Revenue and Expenditures section below.

## State Revenue and Expenditures

The changes in the bill result in two minimal changes to state revenue and expenditures. First, beginning in FY 2022-23, fines and penalties assessed under the program will be credited to the General Fund, rather than the Division of Real Estate Cash Fund. The amount of fines and penalties has not been estimated, but is expected to be less than \$40,000 per year. Second, other changes under the bill will minimally increase workload in the Department of Regulatory Agencies to update program rules and procedures, and potentially reduce postage costs for no longer using registered mail to send letters of admonition. No change in appropriations is required from these changes.

## Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## State and Local Government Contacts

Information Technology

Regulatory Agencies