

March 31, 2017

The Honorable John Barker, Chairperson
House Committee on Federal and State Affairs
Statehouse, Room 285-N
Topeka, Kansas 66612

Dear Representative Barker:

SUBJECT: Fiscal Note for HB 2414 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2414 is respectfully submitted to your committee.

HB 2414 would require state certified or licensed appraisers, when performing an appraisal of real property for a real estate-related financial transaction, to comply the *Uniform Standards for Professional Appraisal Practice* as adopted by the Real Estate Appraisal Board. The bill would also require a state certified or licensed appraiser, when performing an appraisal of real property for any purpose other than a real estate-related financial transaction, to comply with the *Uniform Standards of Professional Appraisal Practice* as adopted by the Real Estate Appraisal Board; or the 2016 edition of the *Standards of Valuation Practice and Valuers' Code of Professional Ethics* as issued by the Appraisal Institute or any later version as adopted by the Real Estate Appraisal Board. State certified or licensed appraisers would not be allowed to accept a fee for an appraisal assignment that is contingent upon the appraiser reporting a predetermined estimate, analysis or opinion, upon the opinion, conclusion or calculation reached, or upon the consequences resulting from the appraisal assignment.

HB 2414 would also allow a state certified or licensed appraiser, as of July 1, 2017, who performs an evaluation of real property for a real estate-related financial transaction that is regulated by a federal financial institutions regulatory agency, to only comply with the interagency appraisal and evaluation guidelines as issued by the federal financial institutions regulatory agency.

The Honorable John Barker, Chairperson

March 31, 2017

Page 2—HB 2414

The Kansas Association of Counties indicates Kansas counties already comply with the components identified in HB 2414 and the bill would have no fiscal effect. The Kansas League of Municipalities indicates the fiscal effect of HB 2414 on Kansas cities cannot be estimated. The Kansas Real Estate Commission estimates the bill would have no effect on the agency.

The Real Estate Appraisal Board indicates the bill would have a fiscal effect on the agency; however, the agency cannot estimate the costs required to make Board members, staff, appraisers and contract reviewers knowledgeable in the 2016 edition of the *Standards of Valuation Practice and Valuers' Code of Professional Ethics* as issued by the Appraisal Institute or any later versions of the code. In addition, the Board states it cannot estimate the costs required to make Board members, staff, appraisers and contract reviewers knowledgeable in guidelines issued by federal financial institutions regulatory agencies. Any fiscal effect associated with HB 2414 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Larry Baer, League of Municipalities
Melissa Wangemann, Association of Counties
Cheryl Magathan, Real Estate Appraisal Board
Erik Wisner, Real Estate Commission