HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCS for HB 491 Florida Real Estate Appraisal Board
SPONSOR(S): Regulatory Reform Subcommittee
TIED BILLS: **IDEN./SIM. BILLS:** SB 346

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Regulatory Reform Subcommittee		Thompson	Anstead

SUMMARY ANALYSIS

The Florida Real Estate Appraisal Board (Board) within the Department of Business and Professional Regulation (DBPR) regulates real estate appraisers under of ch. 475, part II, F.S. The Board, through its rules, is authorized to:

- Regulate the issuance of licenses, certifications, registrations, and permits;
- Discipline appraisers;
- Establish qualifications for licenses, certifications, registrations, and permits;
- Regulate approved courses;
- Establish standards for real estate appraisals; and
- Establish standards for and regulate supervisory appraisers.

The Board consists of nine members, each appointed by the Governor and subject to confirmation by the Senate. The Governor may remove any Board member for cause. The membership includes:

- Four members who are real estate appraisers who have been engaged in the general practice of appraising real property in this state for at least 5 years immediately preceding appointment;
- Two members who represent the appraisal management industry;
- One member who represents organizations that use appraisals for the purpose of eminent domain proceedings, financial transactions, or mortgage insurance; and
- Two members who represent the general public and are not connected in any way with the practice of real estate appraisal.

PCS for HB 491 revises the membership of the Board as follows:

- Decreases the number of Board members who represent the appraisal management industry from two members to one.
- Increases the number of Board members who represent the general public from two members to three.

The PCS may have an insignificant fiscal impact on state government.

The effective date of the PCS is November 1, 2021.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

The Florida Real Estate Appraisal Board (Board)[1] within the Department of Business and Professional Regulation (DBPR) regulates real estate appraisers under of ch. 475, part II, F.S. The Board, through its rules, is authorized to:

- Regulate the issuance of licenses, certifications, registrations, and permits;
- Discipline appraisers;
- Establish qualifications for licenses, certifications, registrations, and permits;
- Regulate approved courses;
- Establish standards for real estate appraisals; and
- Establish standards for and regulate supervisory appraisers.[2]

According to the most recent data, there are 6,655 active certified real estate appraisers,[3] and 219 active real estate appraisal management companies, in the state.[4]

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- Four members who are real estate appraisers who have been engaged in the general practice of appraising real property in this state for at least 5 years immediately preceding appointment;
- Two members who represent the appraisal management industry;
- One member who represents organizations that use appraisals for the purpose of eminent domain proceedings, financial transactions, or mortgage insurance; and
- Two members who represent the general public and are not connected in any way with the practice of real estate appraisal.[5]

Members of the Board are appointed for four-year terms, and may not be appointed for more than two consecutive terms. The headquarters of the Board is in Orlando, Florida. The Board must meet at least once each calendar quarter to conduct its business. Members must elect a chairperson at the first meeting each year.[6] Each member of the Board is entitled to per diem and travel expenses as set by legislative appropriation for each day that the member engages in the business of the Board.[7]

There is currently one vacancy on the Board.[8] There are two members with current appointments expiring October 31, 2021 and six continue to hold office through the expiration of their term, including both public members and both appraisal management industry representatives.[9]

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[1] The Florida Real Estate Commission regulates real estate agents, associates, and schools, has 293,012 active licensees, and consists of seven members.
[2] S. 475.613(2), F.S.
[3] Department of Business and Professional Regulation, *Annual Report, Divisions of Professions, Certified Public Accounting, Real Estate, and Regulation, Fiscal Year 2018-2019,* http://www.myfloridalicense.com/DBPR/os/documents/DivisionAnnualReport_FY1819.pdf , at page 19 (last visited Mar. 17, 2021).
[4] Email from Colton Madill, Deputy Legislative Affairs Director, Department of Business and Professional Regulation, RE: Real Estate Appraisal Management Companies, (Mar. 22, 2021).
[5] S. 475.613(1), F.S.
[6] *Id.*
[7] *Id.*
[8] Department of Business and Professional Regulation, *REAL ESTATE APPRAISAL – BOARD INFORMATION* http://www.myfloridalicense.com/DBPR/real-estate-appraisal-board/board-information/#1509044906969-7080e654-a662 (last visited March 8, 2021).
[9] *Id.*

In 2010, the membership of the Board was increased from seven members to nine members with the addition of two members representing the appraisal management industry, based on the state's adoption of the policy to include the licensing and regulation of appraisal management companies with real estate appraisers. Appraisal management companies are business entities that administer networks of independent appraisers to fulfill real estate appraisal assignments on behalf of lenders and were not regulated in Florida before 2010.[10]

Proposed Changes

PCS for HB 491 revises the membership of the Board as follows:

- Decreases the number of Board members who represent the appraisal management industry from two members to one.
- Increases the number of Board members who represent the general public from two members to three.

B. SECTION DIRECTORY:

Section 1: Amends s. 475.613, F.S., relating to the Florida Real Estate Appraisal Board.

Section 2: Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   None.

2. Expenditures:

   None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None.

2. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

[10] Chapter 2010-84, Laws of Fla.

1. Applicability of Municipality/County Mandates Provision:

   Not applicable. The bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

2. Other:

   None

B. RULE-MAKING AUTHORITY:

   The bill does not appear to create a need for rulemaking or rulemaking authority.

C. DRAFTING ISSUES OR OTHER COMMENTS:

   None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

N/A