

LEGISLATIVE FISCAL ESTIMATE TO

[Second Reprint]
SENATE, No. 2316

STATE OF NEW JERSEY

DATED: JANUARY 13, 1998

Senate Bill No. 2316 (2R) of 1997 requires applicants for a real estate appraiser license or certificate, as well as current holders of a license or certificate, to pass to a State and federal criminal history background check. Applicants and licensees convicted of certain crimes and offenses enumerated in the bill would be disqualified from certification or licensure, unless able to demonstrate clear and convincing evidence of their rehabilitation to the State Real Estate Appraiser Board.

The bill also requires persons performing real estate appraisals, regardless of the value or purpose of the appraisal, to be certified or licensed under the "Real Estate Appraisers Act." A State or federally chartered bank, savings bank or savings and loan association would be authorized to obtain and use appraisals made by uncertified or unlicensed appraisers under certain circumstances. Under current law, a person not licensed or certified as an appraiser may appraise real estate with a value of \$150,000 or less, or may perform an appraisal, other than for a federally related transaction, if the recipient of the appraisal uses it in making a personal or business decision. The bill exempts certain appraisers employed by local and State governments from licensing and certification requirements if their appraisals are made in the course of their employment.

The State Real Estate Appraiser Board informally estimates that additional funding will be needed to defray the cost of screening completed criminal history background checks to determine whether applicants and licensees are in compliance with this bill. The board estimates this cost at approximately \$44,000, which would pay the salary and fringe benefits of one senior staff member for one year. During this time the board will be required to review the criminal history records of its 3,000 current licensees, in addition to new applicants. The bill is silent as to the payment of the \$49 cost of performing the required State and federal criminal background check. According to the board, applicants and licensees would be required to bear this cost.

The board does not expect the number of persons it licenses or certifies to be significantly changed by the enactment of this bill. The board states, for example, that most persons required by the bill to be licensed to perform appraisals of property worth \$150,000 or less are presently licensed by the board. The board further notes that many

persons exempted by the bill from licensing when conducting appraisals for government agencies do other appraisals for which a license is required. Therefore, licensing and certification revenue derived by the board is not likely to be appreciably changed by enactment of this bill.

In summary, the Office of Legislative Services estimates the cost to the board of this bill at approximately \$44,000 in the first year after its effective date. Additional costs in the two succeeding years should be minimal. If necessary, the board would defray these and any other added costs by increasing its current biennial licensing and renewal fees, which range from \$60 to \$240. Existing law permits the board to raise these fees if necessary to cover its operating costs.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.