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HB 1361 (Printer's No. 1690) Analysis

Date: May 9, 2017

**Amending the Real Estate Appraisers Certification Act –
Appointment of Certified Pennsylvania Evaluators to the
State Board of Certified Real Estate Appraisers
Prime Sponsor: Representative Harper**

A. Synopsis of Bill

The proposed legislation provides for the appointment of two Certified Pennsylvania Evaluators (CPEs) by the Governor to serve on the State Board of Certified Real Estate Appraisers (Board). The Board is responsible for oversight of CPEs, yet no CPEs are appointed to the Board. The terms of the appointments are staggered. The legislation is an outcome of the [Local Government Commission Assessment Reform Task Force](#).

B. Summary and Analysis of Bill

The bill amends the Real Estate Appraisers Certification Act (Act 98 of 1990) to provide for the appointment of two CPEs, as qualified under the Assessors Certification Act (Act 28 of 1992), to serve on the Board. The Board is responsible for the oversight of certified residential and general real estate appraisers, appraiser trainees, and CPEs. Because the scope and practice of the appraiser and assessor professions differ,¹ this legislation proposes to add two CPE appointments to the Board, increasing the number of Board members from 11 to 13. The addition of two CPEs will ensure that in the event of a conflict of interest of one of the CPE members,² a CPE still has a voice on the Board.

¹ Real estate appraisers typically are not familiar with mass appraisal practices and real property valuation methodology for ad valorem tax purposes; residential and general appraisers value real property for various purposes and may utilize current market value when establishing value. A CPE must use a uniform methodology and the base year when valuing real property in a specific county. Also, the licensure requirements are different for a real estate appraiser versus a CPE. Furthermore, the Board is responsible for disciplinary and corrective measures for CPEs. The Assessors' Association of Pennsylvania currently sends a liaison to the Board meetings, but the liaison is not an official member of the Board. Nevertheless, the liaison is often called upon when issues pertain to a CPE.

² For example, a disciplinary issue arises with a CPE who is from the same county as the CPE Board representative.

A professional member may be dual certified as a real estate appraiser and CPE, but must declare in which capacity the member is being appointed to ensure that the composition of the Board remains representative of the three executive appointments, six real estate appraisers, two public members and two CPEs.

The terms of the CPE appointments will be staggered. Within 90 days of the effective date of this legislation, the Governor will nominate one CPE for a term of two years and one CPE for a term of four years.

The act would take effect in 60 days.

C. Relevant Current Law

The State Board of Certified Real Estate Appraisers regulates the certification of real estate appraisers (residential and general) and CPEs in the Commonwealth of Pennsylvania pursuant to the Real Estate Appraisers Certification Act (Act of July 10, 1990, P.L. 404, No. 98). The Board is responsible to examine for, deny, approve, issue, revoke, suspend or renew certificates of appraisers and licenses of appraiser trainees and to conduct hearings and invoke disciplinary measures in connection therewith.

Current membership of the Board consists of the following 11 members:

- The Secretary of the Commonwealth or a designee.
- The Attorney General or a designee.
- The Secretary of Banking or a designee.
- Eight members who are citizens of the United States and who have been residents of this Commonwealth for a two-year period immediately prior to appointment, two of whom shall be public members and six of whom shall be persons who are State-certified real estate appraisers.

Members are appointed by the Governor with the advice and consent of the Senate. No member may serve more than two consecutive four-year terms.

Each member of the Board, except the secretary, the Attorney General and the Secretary of Banking, may receive compensation at the per diem rate of \$60 when actually attending to the work of the Board. Members may also receive reasonable traveling, hotel and other necessary expenses incurred in the performance of their duties in accordance with Commonwealth regulations.

D. Background of Bill

Act 192 of 1986, the Assessors Certification Act, directed the State Tax Equalization Board (STEB) to certify and recertify assessors responsible for valuing property for ad valorem tax purposes in the Commonwealth, including those employed by mass appraisal companies. The act also set forth certification and training requirements. Act 192 expired on March 17, 1992.

Act 28 of 1992, a continuation of Act 192, transferred the responsibility for certification and recertification of assessors from STEB to the State Board of Certified Real Estate Appraisers within Pennsylvania's Department of State. Act 28 also placed a CPE under the oversight of the Board as relates to disciplinary and correctional measures.

In 2010, the Legislative Budget and Finance Committee (LB&FC) issued a report,³ as directed by House Resolution 334 of 2009, making various recommendations to improve Pennsylvania's property assessment process. One of the LB&FC recommendations relating to the improvement of the assessor certification process was to require representation of certified Pennsylvania evaluators on the Board.⁴

E. Effect of Bill

The bill adds CPE representation on the Board, which provides oversight of CPEs on any disciplinary and correctional measures imposed on CPEs. The only fiscal impacts are per diem and the actual reasonable travel costs incurred in the performance of duties in accordance with Commonwealth regulations.

F. Issues, Policy Questions and Stakeholder Feedback

- The Pennsylvania Assessors' Association and the County Commissioners Association of Pennsylvania support the legislation.
 - The Pennsylvania Department of State is neutral on the bill.
 - The Pennsylvania Association of Realtors supports the bill.
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G. Bill History

The bill has no previous history.

³ *Pennsylvania's System for Property Valuation and Reassessment*, July 2010.

⁴ *Id.*, pp. S-21 and 71.