



**Statement of
Tyler N. Kohtz, Director
Nebraska Real Property Appraiser Board
Before the
State of Nebraska Legislature Revenue Committee
January 23, 2013**

My name is Tyler Kohtz. I am the Director for the Nebraska Real Property Appraiser Board.

I would like to begin by thanking Chairperson Hadley and members of the Revenue Committee for the opportunity to speak on behalf of the Real Property Appraiser Board concerning LB733.

The Real Property Appraiser Board was established as the Real Estate Appraiser Board on January 1, 1991, is charged with administering and enforcing the Real Property Appraiser Act and the Appraisal Management Company Registration Act. The Board's primary functions are to issue and renew appraiser credentials, develop and implement standards for appraiser credentialing, register and renew registration for appraisal management companies, approve appraiser qualifying courses and appraiser continuing education activities, investigate and adjudicate grievances, and disseminate relevant information to the general public, stakeholders, credentialed appraisers and appraisal management companies.

Credentialed appraisers spend years learning the profession of appraising, and have to complete education and experience adequate to establish a foundation for an individual to render an opinion of value in an accurate non-biased manner (please see exhibit A – qualifying requirements for the Certified General Real Property Appraiser Credential). The Board is concerned that this bill may create public confusion between appraisal and assessment. LB733 defines who is eligible to develop a mass appraisal, but the required education and experience for the mass assessment credential is more tailored to the work of the elected county assessor.

Credentialed appraisers are also responsible for meeting strict legal and professional obligations. The Uniform Standards of Professional Appraisal Practice, also known as USPAP, is the quality control standards applicable to real property appraisal practice. USPAP is developed by The Appraisal Foundation as authorized by the United States Congress as the source of appraisal standards and appraisal qualifications. The International Association of Assessing Officers, also known as IAAO, is one of the appraisal sponsors of The Appraisal Foundation. The Board's rules and regulations incorporate USPAP, which includes Standard 6; mass appraisal, development and reporting. LB733, which requires no adherence with Standard 6 of USPAP, would allow individuals that may have no foundation in real property appraising, nor an understanding of the Uniform Standards of Professional Appraisal Practice, set property values for ad valorem tax purposes. Allowing property values to be set without the specialized knowledge needed to set such values does not serve the best interests of the public. The standards outlined in LB733 for mass assessment credentials to adhere to are minimal and vague compared to the already established Real Property Appraiser Act.

I would imagine that you hear a lot about property taxes and the size of government from your constituents. Property values have a direct impact on the taxes used to fund schools, police departments, fire departments, and local governments. The work by county assessors is important because property assessments must be fair and equitable, and this is why it is so important that property valuations are set by county employees exempt from the Nebraska Real Property Appraiser Act, or credentialed real property appraisers. LB733 results in government growth and unnecessary duplication. The real property appraiser profession is already regulated by the Board, and there is no need for another separate board to regulate one part of the real property appraiser profession. Finally, the funding and operation model is not sufficient to support a state program as outlined in this bill, which would likely result in tax payer money being used to support the program where credentialing and administrative fees fail. This may result in a financial liability for the State of Nebraska, and ultimately, for the citizens of this state.

Real property appraisal practice is already regulated through the real property appraiser act, and county employees are already exempt from the act. I would also like to point out that LB733 requires the appraiser representative board member to serve at the discretion of the other four board members, which is neither fair nor equitable. It appears that the intent of LB733 is to exempt those that contract with counties for appraisal services for ad valorem tax purposes from the Real Property Appraiser Act. The Nebraska Real Property Appraiser Board believes that LB733 does not serve the best interests of the citizens of Nebraska or credentialed appraisers and opposes this bill. Thank you for the opportunity to appear before you today, and please feel free to ask me any questions you might have.

Tyler Kohtz
Director, NRPAB

Exhibit A-1

CERTIFIED GENERAL REAL PROPERTY APPRAISER

SCOPE OF PRACTICE

The scope of practice for the Certified General Real Property Appraiser shall apply to the appraisal of all types of real property that appraiser is competent to appraise.

STEPS TO CREDENTIALING

1. Obtain required post-secondary education, qualifying education, and experience.
2. Complete application and submit to the Board for review, along with application fee in the appropriate amount as specified on the application.
3. Board will review fully completed application at next regular meeting and select three appraisal reports to send for Standard 3 review, and approve applicant to sit for examination.
4. Pass examination approved by the Appraiser Qualifications Board within twelve months following approval by the Board to sit for examination.
5. If the Standard 3 Review Report for each Board selected appraisal report indicates that the appraisal meets the minimum requirements of USPAP, applicant will be reviewed by the Board for final approval as a Certified General Real Property Appraiser.
6. If any of the Standard 3 Review Reports for any of the Board selected appraisal reports are found to not meet the minimum requirements of USPAP, applicant may be invited to an informal advisory meeting with the Board. The Board may request that applicant take additional steps prior to final review for credentialing. Once all Board requests are met, applicant will be reviewed by the Board for final approval as a Certified General Real Property Appraiser.
7. Submit credentialing fee and federal registry fee as specified on the application.

If you are submitting documentation for the Board to consider at its next meeting, voluntarily or at the Board's request, please have this documentation to the Board's office by 5 p.m. on Friday, two weeks before the scheduled meeting (e.g. for the Thursday, April 18, 2013 meeting, please have documentation to the Board's office by 5 p.m. on Friday, April 5, 2013). The Board typically meets on the third Thursday of each month.

Exhibit A-2

POST SECONDARY EDUCATION REQUIREMENTS

Bachelor's degree, or higher, from an accredited, degree-awarding university or college; or have successfully completed, as verified by the board, 30 semester hours of coursework or its equivalent from an accredited, degree-awarding university or college that shall have included:

- English Composition
- Microeconomics
- Macroeconomics
- Finance
- Algebra, Geometry, or higher mathematics
- Statistics
- Introduction to Computers (including word processing and spread sheets)
- Business Law or Real Estate Law
- Two elective courses in accounting, geography, agricultural economics, business management, or real estate

QUALIFYING EDUCATION

BASIC APPRAISAL PRINCIPLES.....	30 HOURS
BASIC APPRAISAL PROCEDURES.....	30 HOURS
15-HOUR NATIONAL USPAP COURSE OR ITS EQUIVALENT.....	15 HOURS
GENERAL APPRAISER MARKET ANALYSIS AND HIGHEST AND BEST USE.....	30 HOURS
STATISTICS, MODELING AND FINANCE.....	15 HOURS
GENERAL APPRAISER SALES COMPARISON APPROACH.....	30 HOURS
GENERAL APPRAISER SITE VALUATION AND COST APPROACH.....	30 HOURS
GENERAL APPRAISER INCOME APPROACH.....	60 HOURS
GENERAL APPRAISER REPORT WRITING AND CASE STUDIES.....	30 HOURS
APPRAISAL SUBJECT MATTER ELECTIVES.....	30 HOURS
(May include hours over minimum shown above in other modules)	
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CERTIFIED GENERAL EDUCATION REQUIREMENT TOTAL.....	300 HOURS

Applicant shall complete each course and pass examination for 300 class hours specified above. 15-Hour USPAP shall be completed within two years of application, and shall examine the edition of USPAP current at the time of application. The Basic Appraisal Principles and Basic Appraisal Procedures courses shall be completed within five years of application.

Exhibit A-3

EXPERIENCE

Complete no fewer than 3,000 hours of experience in any combination of the following: Fee and staff appraisal; ad valorem tax appraisal; condemnation appraisal; technical review appraisal; appraisal analysis; real estate consulting; highest-and-best-use analysis; and feasibility analysis or study. The required experience shall not be limited to the listed items but shall be acceptable to the board and subject to review and determination as to conformity with the Uniform Standards of Professional Appraisal Practice. The experience shall have occurred during a period of no fewer than 30 months, and shall include at least 1,500 hours in non-residential appraisal work.

UPGRADE TO CERTIFIED GENERAL REAL PROPERTY APPRAISER

Trainee Real Property Appraiser

Trainee Real Property Appraiser shall complete 225 additional hours of designated core curriculum education, meet the post-secondary education requirements, and meet the experience requirements prescribed for the Certified General Real Property Appraiser credential.

Licensed Residential Real Property Appraiser

Licensed Residential Real Property Appraiser shall complete 150 additional hours of designated core curriculum education, meet the post-secondary education requirements, and meet the experience requirements prescribed for the Certified General Real Property Appraiser credential.

Certified Residential Real Property Appraiser

Certified Residential Real Property Appraiser shall complete 100 additional hours of designated core curriculum education, meet the post-secondary education requirements, and meet the experience requirements prescribed for the Certified General Real Property Appraiser credential.