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Banking, Commerce and Insurance Committee
January 25, 2016

[LB678 LB729 LB731 LB853]

The Committee on Banking, Commerce and Insurance met at 1:30 p.m. on Monday, January 25, 2016, in Room 1507 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB853, LB678, LB729, and LB731. Senators present: Jim Scheer, Chairperson; Matt Williams, Vice Chairperson; Kathy Campbell; Joni Craighead; Nicole Fox; Mike Gloor; Brett Lindstrom; and Paul Schumacher. Senators absent: None.

SENATOR SCHEER: Okay. Welcome, everyone. This is the Banking, Commerce and Insurance Committee. My name is Jim Scheer from District 19 and I am the Chair of the committee this session. The committee will take up the bills as posted in the order on the wall. This hearing is your part of the legislative process, your opportunity to express your position on any proposed legislation today. Committee members will be coming and going. I, myself, might as well; I do have a bill in another committee. It's not that we're not interested in the legislation before us, we just have other obligations to committees where we may have a bill that we need to introduce on our behalf. To facilitate today's proceedings, I would ask you to do a couple things. Be sure that your phones, at least, are on vibrate and not ringing. We'd like you to, if you're going to be testifying, move up towards the front where the gentlemen are seated so we know how many we still have in the queue. And when you're testifying, please sign in. The pink sheet should be turned into our committee clerk, Jan, on your right. Spell your name when you start your testimony, both first and last. And above all, and most importantly, please be concise. If you are not testifying at the microphone today, you would like to go on record as a position...as having a position on the bill being heard today, there are white sign-in sheets by both doors. You're welcome to sign in and indicate if you are supportive or in opposition of such. These sign-in sheets will become exhibits in the permanent record of today's hearing. Written materials may be distributed to committee members while the testimony is being offered. We will need ten copies if you're going to. If you do not have those ten copies, that's perfectly fine. Just contact one of the pages and they will make sure that you will have enough copies to make sure that we all have one. To my immediate right is Bill Marienau, who has 37 years' experience in the Legislature, 38 sessions as the counsel for the insurance committee. And on the far left is Jan Foster who is our committee clerk, who has 33 years through the legislative process and has been around for 34 sessions. So we do have a little bit of institutional knowledge on behalf of the committee that we can draw upon. I would now like to have the committee introduce themselves and I'll start to my far right, Senator Schumacher.

SENATOR SCHUMACHER: Paul Schumacher, District 22, that's Platte County and parts of Colfax and Stanton County.

SENATOR FOX: Nicole Fox, District 7, south Omaha, downtown Omaha.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

SENATOR LINDSTROM: Brett Lindstrom, District 18, northwest Omaha.

SENATOR CRAIGHEAD: Joni Craighead, District 6, Omaha.

SENATOR CAMPBELL: Kathy Campbell, District 25, east Lincoln.

SENATOR GLOOR: Mike Gloor, District 35, Grand Island.

SENATOR SCHEER: And we do have pages today, although they are probably busy getting caught up. I believe it is Kaylee Hartman from Douglas and Jake Kawamoto from Omaha, but until they actually show up, I won't know that for sure. But in any respects, we will go ahead and start our hearings today. We will start with LB853, which is Senator Stinner's bill. Senator Stinner, you're more than welcome to introduce your bill. [LB853]

SENATOR STINNER: Good afternoon, Senator Scheer and distinguished members of the committee. For the record, my name is John, J-o-h-n, Stinner, S-t-i-n-n-e-r. I'm bringing LB853 on behalf of Nebraska State Board of Public Accountancy and the Nebraska Society of CPAs. They requested that the following changes be made: elimination of the requirement that CPA experience must be met within the United States or its territories. This issue arose when an applicant who worked in Poland for a Big Four firm under a CPA could not receive his CPA because the applicant's experience was in Poland, even though the applicant was working under a United States credentialed CPA. This change would assist these young persons working outside the United States and later transferred to Nebraska in obtaining the CPA credential. It also eliminates the requirements for annual meetings of the State Board of Education Advisory Committee and would require them to meet only when requested to do so by the board. It also eliminates obsolete language and clarifies the examination language to reflect the computerized-base test for the Uniform Certified Public Accountant Examination. Mr. Dan Sweetwater (sic: Sweetwood), Executive Director of the state board and Mr. Dan...Dan, I knew I'd stumble on that...Vodvarka, President of the Nebraska Society are here to answer any of your questions. Thank you. [LB853]

SENATOR SCHEER: Any questions for Senator Stinner? Seeing none, are you staying or are you going to... [LB853]

SENATOR STINNER: I'd like to waive. [LB853]

SENATOR SCHEER: Okay, that's fine with us. We don't have a problem. While our first...we will go in the order of proponents, opponents, and then last will be in a neutral capacity. We are

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

using the lights today. For those of you that are not familiar, the green light means you have approximately four minutes. When the yellow light turns on, you have one additional minute. When the red light comes on, your time is up. We expect you to wrap up very quickly and, if not, I will help you to do so. So having those rules in front of you, please. Welcome. [LB853]

DAN SWEETWOOD: My name is Dan Sweetwood, it's D-a-n S-w-e-e-t-w-o-o-d. I've heard the Sweetwater reference quite a bit there, Senator, too, so. Senator, Senator Scheer, and the committee, thank you. I've been fortunate to have been the executive director of the State Board of Public Accountancy for the last 13 years. The bill, as Senator Stinner has covered, again, it was some...basically some, I would call it minor, maybe, cleanup language. Obviously, the example that we came across of the individual that was working outside the country and doing some research and finding out that we are one of the few states or the only state that had that requirement. And then, of course, as you all know, meetings, if we really can't find an agenda or necessary meeting, the board just simply felt that that was taking people's time that we shouldn't and unnecessary. So, at that, I would take any questions. [LB853]

SENATOR SCHEER: Any questions? Senator Schumacher. [LB853]

SENATOR SCHUMACHER: Thank you, Senator Scheer. This right now requires...and as amended: two years of accountant experience satisfactory to the board in any state or foreign country in employment as an accountant. What else is there besides in any state or foreign country? Who remains excluded now? [LB853]

DAN SWEETWOOD: It would be someone that might be credentialed, possibly, in that country. They would still have to remain and be under a United States credentialed CPA, a U.S. CPA credential. So if that person is working under a U.S. CPA, they would be eligible. [LB853]

SENATOR SCHUMACHER: Right, but I guess I'm...what I'm asking is, what is the difference between saying, two years of accounting experience satisfactory to the board in any state or foreign country in employment as an accountant or simply saying, two years of accounting experience satisfactory to the board in employment as an accountant. What...who are we leaving out? I mean, is it when we say... [LB853]

DAN SWEETWOOD: I don't think we're leaving out...at this point, I don't think we're leaving out anyone. [LB853]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

SENATOR SCHUMACHER: So it really could say, to simplify the world simply strike the language: in any state or foreign country and just say, two years of experience in accounting...get the same result with fewer words. [LB853]

DAN SWEETWOOD: I would say, possibly. [LB853]

SENATOR SCHUMACHER: We're all about government efficiency. [LB853]

DAN SWEETWOOD: There you go. [LB853]

SENATOR SCHUMACHER: That's my only question. [LB853]

DAN SWEETWOOD: Yeah. [LB853]

SENATOR SCHEER: Thank you, Senator Schumacher. Any other questions for the testifier? Seeing none, thank you very much. [LB853]

DAN SWEETWOOD: Thank you. [LB853]

SENATOR SCHEER: Welcome. [LB853]

DAN VODVARKA: Good afternoon, Senator Scheer. My name is Dan Vodvarka, D-a-n V-o-d-v-a-r-k-a. I am the executive director and president of the Nebraska Society of Certified Public Accountants, the professional organization of certified public accountants in this state. On...at its January 5, 2016, board of directors meeting, the Nebraska Society Board of Directors voted to support the provisions within LB853 and encourage this committee to move this bill on to General File. As Senator Stinner said and as Dan Sweetwood explained, this bill really does not affect too many CPAs, our Nebraska CPAs. But the ones it does affect, it's very important to them. And so these are just some cleanups within the Accountancy Act of 1957 that we're saying are needed and encourage this committee to forward it to General File. Senator Schumacher, I would agree with your editing. We did discuss that back and forth and decided to put it in the bill this way. But I don't think that would...it would cause a problem. I can't imagine exactly what it would...foreign countries, I suppose. I suppose there's some territories or something out there, I don't know. But the important thing is that they are working under the supervision of a licensed American CPA. And that's the important provision within it. Any questions? [LB853]

SENATOR SCHEER: Senator Gloor. [LB853]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

SENATOR GLOOR: Thank you, Senator Scheer. Mr. Vodvarka, what component of this relates to CBT, the computerized-based testing? [LB853]

DAN VODVARKA: The component to the...within the bill, if you go to page 3, line 2, we took out the initial examination and that kind of refers...and it's also on line 26 on page 2. That refers to the initial exam when it was a written one that was provided only twice a year. They would only have to pay the fee once. Now, they can go in and take that exam by portions--it's four different sections of the exam--and they can do this throughout the whole year by going to certain exam sites. Seemed like there was something else in the bill, too, referring to...I guess there isn't. That was the only provision...oh, I know. On page 2, lines 18 and 19: who does not pass the examination in one sitting. Well, right now many of the young people who take the exam are just taking sections of it at a time and so there's probably three or four sittings before they actually finish the whole computer. So that's just cleaning it up and looking for stuff like that within the law. [LB853]

SENATOR GLOOR: Okay. Thank you. [LB853]

SENATOR SCHEER: Any other questions? Thank you, Dan. [LB853]

DAN VODVARKA: Thank you. [LB853]

SENATOR SCHEER: Any other proponents? Seeing none, are there any opponents? Seeing none, anyone speaking in a neutral capacity? Again, seeing none and the close was waived, so that will end the hearing on LB853. We will now move to LB678, Senator Craighead. [LB853]

SENATOR CRAIGHEAD: Good afternoon, Chairman Scheer and fellow committee members. My name is Joni Craighead, J-o-n-i C-r-a-i-g-h-e-a-d. I represent Legislative District 6 in Omaha in Douglas County. I come before you today to introduce LB678, a bill to officially recognize real estate teams in the Nebraska Real Estate License Act, section 81-885.07. Real estate teams have become an increasingly large segment of the real estate industry, but are not defined or recognized in the Nebraska Real Estate Act. As a result of a joint task force between the Nebraska Real Estate Commission and the Nebraska Realtors Association, the legal parameters for the operation of real estate teams were established. LB678 would define team and team leader for purposes of real estate license regulation as well as create supervisory responsibilities for team leaders. It is anticipated that further definition of team responsibilities under the Real Estate License Act will be accomplished by rules and regulations. Five or ten years ago, a team might have been a small group of family members, husband and wife and perhaps a child or two, or a pair of unrelated licensees working together. Many teams in current day consist of 20 or more members. Teams are making greater effort to brand and distinguish themselves from other

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

licensees, sometimes lending to confusing advertising where the team can easily be mistaken for a real estate brokerage. Although the Nebraska Real Estate Commission has not had an inordinate number of team related complaints, both the commission and the industry want to stay ahead of the teams issue and formed a joint task force consisting of members from the commission and the Nebraska Realtor's Association to look at the issue in April 2015. Task force recommendations have not yet been finalized, but all members were in agreement that: (1) the issue of team regulation should be addressed through formal recognition of real estate teams in law; (2) a simple bill with further definition of policies and procedures through rule and regulation would allow for an expedited process or creating appropriate regulations and changing them as needed, as we delve into a new area of regulation; (3) the commission anticipates finalized recommendations from the joint task force in short order and should be able to begin work on draft regulations as soon as the bill goes into effect, should it be passed; (4) the regulations should recognize teams and provide clarification of duties and responsibilities for the benefit of both the public and the industry without being unduly burdensome or hindering commerce. Among the issues which the task force is looking at: Advertising - Nebraska law requires all advertising to include the broker name. Agency - Who do the team members represent or act as agents for? Tracking or reporting - Keeping track of who is on a particular team at a particular time. Team leadership - Creating a designated team leader with limited supervisory responsibilities. Members of the Nebraska Real Estate Commission and industry are here to provide testimony and can answer further questions. This bill has no fiscal impact to the Nebraska Real Estate Commission. Thank you very much. [LB678]

SENATOR SCHEER: Thank you, Senator Craighead. Any questions? Seeing none, I'm assuming you're sticking around, so. All right. First proponent for LB678. Good afternoon. [LB678]

GREG LEMON: Good afternoon. Chairman Scheer and members, my name is Greg Lemon, G-r-e-g L-e-m-o-n. I'm the director of the Nebraska Real Estate Commission, appearing today in support of LB678, which Senator Craighead introduced at our request. I want to, first of all, remember to thank Senator Craighead for doing that. We appreciate that. You made a little allusion to long ago--when you were opening--long ago, for a long time the chairman of this commission (sic: committee) was Senator Landis and he would often say, tell me a story as to why the bill is here and what it does, but give me the Reader's Digest condensed version of the story; keep it short. So that's what I will try to do. About five years ago, I think in the year 2010, my first year as director of the Real Estate Commission, we had a bill. I believe it was in front of this committee. Some of the committee members asked me about teams and if we were doing anything to regulate teams. I said, we were not at the time. As Senator Craighead mentioned, most teams may have been family members or maybe a couple of people in a partnership. The state of that has changed significantly in the last five or six years. You have large groups operating as teams. There are seminars suggesting that it's good for the teams to brand

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

themselves. And the nature of real estate licensing is a little bit different than some license acts in that there are basically two...I mean, there's two types of license broker sales, but everyone has to work under a designated broker. That designated broker can do business as a name, Woods Bros, Home Realty (sic), Prudential Ambassador, but the sales people and the affiliated licensee brokers have to work under that broker. The money could flow through the broker. The broker supervises advertising, things like that. With the teams out there branding themselves, there's some confusion as to whether that, you know, it can be confusing to the public as to whether that team is an independent company, whether they're working for that broker. We have gotten many reports of them advertising without the broker name. There are questions about agency, whether all the team members are working as the buyer's agent, as the seller's agent, or a combination thereof. Questions of accountability, if you do have a team, who's on the team? Since we don't officially recognize them, we don't know who's on the team at any given moment. We're working with the industry to look into this. Since it's changing, both the industry and the commission want to stay ahead of this. The bill is very simple. As it's been explained, it puts some definitions in there and gives some supervisory responsibility to the team leader. But basically, through the regulation process, a lot of what I think we're going to end up doing is clarification, just so everybody understands where everybody stands in this new landscape. We don't want it to be overly onerous. We're working very closely with the industry on it and there's been a joint task force formed with both the commission and the Real Estate Association as members. Arla Meyer is heading up that task force and she is here today as well and she can talk a little bit about that. But I think my story has gone on long enough, so I will answer any questions you may have. [LB678]

SENATOR SCHEER: Thank you. Any questions? Senator Schumacher. [LB678]

SENATOR SCHUMACHER: Thank you, Senator Scheer. In looking through the bill I ask myself, well, what does this bill really do? And it creates two definitions and then it says, a team leader is responsible for the team. So I guess my question is, what does this bill really do? [LB678]

GREG LEMON: It gives us some basic underlying authority to promulgate rules and regulations. [LB678]

SENATOR SCHUMACHER: Where does it do that? [LB678]

GREG LEMON: We are...that's already in the license act. I would have to find it, but actually talk...when I first drafted the bill I said, promulgate rules and regulations under the act. The bill drafter said, you already have that authority in the act, you don't need to add it to the bill. And I can certainly find it for you. I don't know if I can find it quickly, but... [LB678]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

SENATOR SCHUMACHER: There is reference to rules and regulations on page 7, but these rules and regulations that you're supposed to do something with, what guidance are you getting from the Legislature in this bill as to what kind of...what we expect you to do with those rules and regulations? [LB678]

GREG LEMON: Well, at this point, we're working very closely with the industry and I would be glad to answer any questions you might have about what we're looking at. We don't have draft regulations at this time, but we are very close to having draft recommendations from the task force on what those regulations will contemplate. [LB678]

SENATOR SCHUMACHER: But those regulations generally put meat on a structure or a guideline or something promulgated by the regulation...by the statute. What in this statute is the Legislature telling you to regulate? [LB678]

GREG LEMON: It's giving us the authority to look at the issue of teams and recognize teams and... [LB678]

SENATOR SCHUMACHER: Where does it say that in this new language? All we do in this statute is define two things, two words, that's all we're doing. That doesn't say, and Real Estate Commission, here is why, when you look at teams, make sure they don't mislead people; make sure they don't misrepresent; make sure you stick the team leader with a penalty if he doesn't lead right; here's how you share commissions. We don't give you any instructions in here as to what you're supposed to do with these two definitions, so you have no basis for rules or regulations. [LB678]

GREG LEMON: The statutes regarding misleading, regarding advertising are already present in the Real Estate License Act. [LB678]

SENATOR SCHUMACHER: And how does this change that then? [LB678]

GREG LEMON: It allows us to recognize teams in those regulations. [LB678]

SENATOR SCHUMACHER: And how would the world be different? [LB678]

GREG LEMON: We recently had a case up in Omaha, a fairly high profile case, where a team leader was found to be in violation of the act. His license was suspended for some time. There were a number of questions about what the status of his team would be when he was suspended, if they could continue to use his name as the name of the team, things like that. Both the industry

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

and the commission shared concerns. I mean, that's not the only reason. As I said, there's changes in the industry as well. But we are looking at just providing, as I said, further guidance as the industry has changed, we want the law to change to reflect how the industry is operating. [LB678]

SENATOR SCHUMACHER: But how does this bill change things or give you any more authority or tell you what we expect of you, as a Legislature, expecting of basically the executive branch government, how does us creating these two definitions change any behavior of the commission or any authority of the commission in that instance? [LB678]

GREG LEMON: Particularly with the definition of a team leader, if the team leader has supervisory authority over the team we would have the authority to impose disciplinary action, should it be found that they're not exercising that limited supervisory authority appropriately. [LB678]

SENATOR SCHUMACHER: Okay, thank you. [LB678]

SENATOR SCHEER: Any other questions? Oh, I'm sorry. Senator Campbell. [LB678]

SENATOR CAMPBELL: Thank you, Chairman Scheer. I would like to have you look on page 7 of the bill. [LB678]

GREG LEMON: Absolutely. [LB678]

SENATOR CAMPBELL: And maybe that gets to the question that Senator Schumacher is asking. In the bill, it's changed that the commission shall adopt--that's what you put in, rather than may--to carry out the Nebraska...is there some reason why you put that language in? [LB678]

GREG LEMON: Well, yeah, because we do intend to adopt rules and regs relating to this legislation. [LB678]

SENATOR CAMPBELL: And you didn't have them before? [LB678]

GREG LEMON: Not relating to teams, no. [LB678]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

SENATOR CAMPBELL: Okay. Does it need, given Senator Schumacher's questions here, does it need to clarify with that section maybe? [LB678]

SENATOR SCHEER: If I might, Senator Campbell, legal counsel has provided me with that change of wording. It brings in statute 84-901.01, which lists a multitude of things that they addressed. And I'll be glad to send it down to Senator Schumacher as well for him to think of (inaudible)... [LB678]

SENATOR CAMPBELL: And that's probably a question we can clarify. Whether they're in the bill, itself, it needs to refer back to broker of teams or that kind of thing, which would make...which would clarify, perhaps, the questions that Senator Schumacher is asking. [LB678]

GREG LEMON: Yeah. And I will...if I can address. I know your questions generally. I will readily admit this is somewhat of a trust me bill. We have very broad, general legislation. We plan on going more specific with the rules and regs. I hope that the subsequent testifiers...if there's some discomfort at the level of freedom that...or the low, the very general, broad level of legislation that's here, if there's some discomfort perhaps the subsequent testifiers will make you feel a little bit better about that. [LB678]

SENATOR SCHEER: Okay. Any other questions? Thank you very much. [LB678]

GREG LEMON: Thank you. [LB678]

SENATOR SCHEER: And a quick note: Senator Williams has joined us from Gothenburg as Vice Chair, so we will now move to the next proponent. [LB678]

ARLA MEYER: Hi there. [LB678]

SENATOR SCHEER: Welcome. [LB678]

ARLA MEYER: Thank you, Senators, for allowing us to be here. My name is Arla Meyer, A-r-l-a M-e-y-e-r, I'm talking here about the teams as the two previous ones have mentioned before. One of the biggest difference with the teams is over time it has changed as much as it has. It was a lot of mom and pop operations to begin with, but now what we are starting to see is teams with 30 people, 40 people on those teams underneath a brokerage firm. So what we're trying to do is just start with the definition so that if the public does call or if they look it up, they can at least see what it is and where it's starting from. So we've been working with the commission, with the joint task force and this is kind of where it's led us today. We do have rules and regulations that

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

we're working on and getting them in place and we'll continue to move forward with those. But that's the biggest thing with the teams, is the changing of the times where there's just become so many on one team. [LB678]

SENATOR SCHEER: Okay, thank you. Any questions? Senator Schumacher. [LB678]

SENATOR SCHUMACHER: Thank you, Senator Scheer. Right now, isn't the broker responsible for the people under him? [LB678]

ARLA MEYER: And this does not take away from that. The broker still remains responsible, but we have a team lead over all the members. [LB678]

SENATOR SCHUMACHER: The rules and regulations that you're working on, where do you get guidance from the Legislature as to what should be in there or what should be covered by those? [LB678]

ARLA MEYER: This is just something that we've had constant communication with the commission and just with the other fellow members. [LB678]

SENATOR SCHUMACHER: But where are...is this committee and the Legislature giving you some guidance as to the parameters of these rules and regulations for these two words? [LB678]

ARLA MEYER: What we've been trying to do is work within the parameters of what we currently have for individual realtors, but nothing specifically for (inaudible). [LB678]

SENATOR SCHUMACHER: Thank you. [LB678]

SENATOR SCHEER: Any other questions? Seeing none, thank you very much. Any other proponents? Seeing none, any opponents? Anyone wishing to testify in a neutral capacity? Seeing none, Senator Craighead waives closing and that will end the hearing on LB678. The next bill we will take up is LB729. Senator Johnson, you're welcome to open on your bill. [LB678]

SENATOR JOHNSON: Thank you, Senator Scheer and committee. My name is Jerry Johnson, J-e-r-r-y- J-o-h-n-s-o-n, and I present LB729. LB729 refers to the Real Property Appraiser Act found in the Revised Statutes of Nebraska Supplement 2015, sections 76-2201 through 76-2250. This proposed legislation would clarify the process of mass appraisals used by county assessors. This bill allows persons who do not hold an appraiser's license to conduct mass appraisal work

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

without violating the Real Property Appraisal Act. A person retained by the county for this purpose shall work under the direction and responsibility of the county assessor. This bill was...a bill was passed in 2015 and there were some questions dealing...and Senator Schumacher raised those. We worked with your counsel and we worked with the state appraiser board and the county assessors and have come to an agreement. And this is satisfactory to those parties. If you have any questions, I'll try and answer them. [LB729]

SENATOR SCHEER: So we have a compromise or we just have a meeting of the minds? [LB729]

SENATOR JOHNSON: We have a compromise. [LB729]

SENATOR SCHEER: Okay. Very good. Any questions for Senator Johnson? Senator Campbell, then Senator Craighead. [LB729]

SENATOR CAMPBELL: Okay. Thank you, Chairman Scheer. Senator Johnson, is there any minimum requirement for these folks, I mean, of training or education? [LB729]

SENATOR JOHNSON: There is not a minimum. They would have to be hired by the county assessor that would have questions about their abilities. But, no, there's no standards. [LB729]

SENATOR CAMPBELL: So if when I left the Legislature I wanted to go work for the...let's not have...I'm kidding. There was some laughter on that part that I would apply for that. But let's assume...and I have a degree as an English major, would that be fine or are you saying the assessor would judge the person's skills? [LB729]

SENATOR JOHNSON: It would be up to the assessor to evaluate the qualities of the person. [LB729]

SENATOR CAMPBELL: Would then anything that I would appraise--let's say I was hired--would then have to be reviewed by the assessor? Is that the assumption here? [LB729]

SENATOR JOHNSON: Yes. Yes. [LB729]

SENATOR CAMPBELL: Okay. Thank you, Mr. Chairman. [LB729]

SENATOR SCHEER: Thank you, Senator Campbell. Senator Craighead. [LB729]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

SENATOR CRAIGHEAD: Thank you, Chairman. Where would these mass appraisals be done? What...give me examples of... [LB729]

SENATOR JOHNSON: This would be used in residential when you look at types of structures that are put together into a accumulative number, based on the size of a building, what that building basically has in it, to come up with a value. And so you're...it's not a mass of people, it's a mass of buildings that would be looked at. [LB729]

SENATOR CRAIGHEAD: Okay. Now, you know, appraisers have a lot of education. It takes about two years to become an appraiser and you have an internship and it takes a lot. So also being a realtor and being able to do competitive market analysis and broker price opinions, when you're saying to me that an appraiser could hire basically anyone off the street to do the same thing that appraiser can do and a realtor can do, that scares me. Can you address that? [LB729]

SENATOR JOHNSON: It would scare me if it was just anybody off the street. In rural areas, it's hard to get people to be part of a mass appraisal. And so it would be up to the county assessor to make sure they have qualified people. And I realize that it takes a while to be a licensed appraiser, but they're focusing more on the real estate value type stuff, not the mass appraisal for tax purposes. [LB729]

SENATOR CRAIGHEAD: Wouldn't we be better as state senators to have some guidelines and put the guidelines in this legislation of what's required? [LB729]

SENATOR JOHNSON: It could possibly be added. There are people behind me that can probably ask (sic) you how they work through this process. But in an ideal world, it would probably be. [LB729]

SENATOR CRAIGHEAD: Thank you. [LB678]

SENATOR SCHEER: Senator Campbell. Thank you, Senator Craighead. [LB729]

SENATOR CAMPBELL: Thank you. Thank you, Chairman Scheer. Senator Johnson, I think I should have read further in the green copy. If we looked on page 4, lines 8 and 9, it looks like it...that these people are subject to the standards established by the Tax Commissioner, pursuant to that section. So maybe what we can do as a committee is look at that section, which may then answer our question. And I should have read further, so. [LB729]

SENATOR JOHNSON: Okay, thank you. [LB729]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

SENATOR CAMPBELL: So it looks like I could probably not be eligible. [LB729]

SENATOR GLOOR: Hard to believe. [LB729]

SENATOR CAMPBELL: Thank you, Senator Johnson. [LB678]

SENATOR SCHEER: You might be possible, just not probable, so. Thank you, Senator Campbell. Any other questions? Seeing none, I'm assuming you're sticking around because you'll be back for the next one. [LB729]

SENATOR JOHNSON: Yes. I've got another bill. [LB729]

SENATOR SCHEER: All right. First proponent. Good afternoon. [LB729]

BETH BAZYN FERRELL: Good afternoon. Senator Scheer and members of the committee, for the record, my name is Beth Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l, I'm with the Nebraska Association of County Officials. I'm appearing in support of this bill. We'd like to thank Senator Johnson for introducing the bill and working with us over the summer to come up with some language to hopefully resolve this situation. I do want to apologize, the assessor that we were going to have come in today and testify, with the weather, couldn't make it. So I will do the best I can, but if you have questions that I can't address I'd be happy to get the answers for you. I think Senator Johnson really described the situation and with the questions that kind of came to focus on what we're looking at. We're really trying to come up with some way for counties who can't afford to have or don't have access to a mass appraiser, to be able to contract with folks who do that work without necessarily having them hold an appraiser's license under the appraisal act. They would be subject to the standards that are in place for an assessor. Right now, county assessors and their employees are exempt from the requirements of the appraisal act. This would just allow for some of those other contractual arrangements or sharing an appraiser, those kinds of things, to be exempt under the act. Assessors, right now, are subject to supervision and oversight by the property tax administrator. There's a lot of oversight there. There's oversight on the regulatory side. Regulation chapter 50 talks about appraisal contracts and what can be done there. It talks about data and reporting and that sort of thing. (Chapters) 60 and 70 talk about administrative reports and what needs to be done on that side of things. Statutorily, assessors have to hold an assessor's certificate; that's overseen by the property tax administrator as well. That requires 60 hours of continuing ed over every four-year period. The property tax administrator does statistical analysis every year on the data that assessors send in. That, then, is compiled into a report that goes to the Tax Equalization and Review Commission. If those statistics aren't right, then the TERC can adjust the values for the county. So there's a lot of

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Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

oversight there that's already in place, it's just from a different entity. With that, I'd be happy to try to answer questions. [LB729]

SENATOR SCHEER: Thank you. Senator Williams. [LB729]

SENATOR WILLIAMS: Thank you, Senator Scheer. And in addition to that oversight...I'll try to put this in the form of a question. If I, as a taxpayer, didn't agree with the assessment that I received from the assessor's office, what could I do? [LB729]

BETH BAZYN FERRELL: You could go in and talk to the assessor one on one and try and work through that. If that didn't work, you could file a protest with the county board and have a formal process to have the county board look at that. [LB729]

SENATOR WILLIAMS: And in that process I could use my own appraiser and bring in documentation concerning the valuation of the property. [LB729]

BETH BAZYN FERRELL: You could. You could. [LB729]

SENATOR WILLIAMS: Thank you. [LB729]

BETH BAZYN FERRELL: And if that wasn't enough, you could always take it to the TERC and...yeah. [LB729]

SENATOR SCHEER: Thank you, Senator Williams. Any other questions? Oh, I'm sorry. Senator Craighead. [LB729]

SENATOR CRAIGHEAD: Can I first address Senator Williams (inaudible)? [LB729]

SENATOR SCHEER: You have to address her. [LB729]

SENATOR CRAIGHEAD: First? Okay. I'll talk about this later then. Hi, Ms. Bazyn. Thank you so much for being here. Okay, I'm going to ask you the same thing I asked Senator Johnson. Okay. I'm a realtor. I have a lot of education. The appraisers have a lot of education. And let's say maybe you want to hire Senator Campbell--nice lady, great smile--what does she know about real estate? Okay? But she's your friend maybe, but what does she know? So don't you think, as lawmakers, we need to put some guidelines in this legislation so that we have minimum qualifications? [LB729]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

BETH BAZYN FERRELL: Actually we had looked at some legislation to do that in 2013, I believe, and Senator Schumacher had carried that bill for us. And we had looked at that as an option. But what we came down to was looking at the fact that assessors do have these requirements to meet. And everything that would be done by anyone that they hire would be under their oversight. So it wouldn't be like they were sort of a lone ranger out there doing what they wanted. There would be a lot of checks and guidelines in place to make sure that everything was done properly. And I think, therefore, a difference, too, maybe. This is mass appraisal versus fee appraisal and I think that was one of the issues as well, because mass appraisal is such a broad-based situation as opposed to fee appraisal being based on such a small number of other comparables and that sort of thing. [LB729]

SENATOR CRAIGHEAD: Okay. And if I'm remembering correctly, I believe last year the Legislature passed a law that said that realtors were able to do CMAs and BPOs for income tax protest purposes. Is that right? [LB729]

BETH BAZYN FERRELL: Yes, I believe so. [LB729]

SENATOR CRAIGHEAD: Okay. Thank you very much. [LB729]

SENATOR SCHEER: Thank you, Senator Craighead. Senator Schumacher. [LB729]

SENATOR SCHUMACHER: Thank you, Senator Scheer. Under the law and the practices that exist now, do the--basically, I use smaller counties, meaning probably anything but Lincoln and Omaha--do they use independent contractors now? [LB729]

BETH BAZYN FERRELL: Yes, they do. [LB729]

SENATOR SCHUMACHER: And they've been doing that practice for years? [LB729]

BETH BAZYN FERRELL: They have. [LB729]

SENATOR SCHUMACHER: And this whole chain of legislation has been a bit of a tug-of-war back and forth between the assessors who have to do mass appraisals and the real property administrator folks who do the fee appraisals on individual basis, what's your house worth, how big of a mortgage can we put against it. And what you're telling us is after that tug of war this is where you all settled out? [LB729]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

BETH BAZYN FERRELL: Yes. [LB729]

SENATOR SCHUMACHER: Okay. Thank you. [LB729]

SENATOR SCHEER: Thank you, Senator Schumacher. Any other questions? Seeing none, thank you, Beth. Any other proponents? Seeing none, any opponents? Seeing none, anyone in a neutral capacity? You were sitting up close. I knew you had to hit something at some point in time, so. Welcome. [LB729]

TYLER KOHTZ: (Exhibit 1) Good afternoon. Thank you, Senator Scheer and committee members, for this opportunity. My name is Tyler Kohtz, T-y-l-e-r K-o-h-t-z, and I represent the Nebraska Real Property Appraiser Board. I want to start by just saying that Senator Johnson and Mr. Dix with NACO have put a lot of work into this. And the first time the board, as an entire board, has had the opportunity to review this language was at its January 21 meeting. And although it feels that the bill is on the right path, there are some things that the board had some concerns about in the actual language itself and so I'm just going to go into that. When referring to whom the Real Property Appraiser Act shall not apply to, the language in this bill begins with: "Any person, including an independent contractor, retained by a county to assist in the appraisal of real property as performed by a county assessor..." of such property. And at this point, this language could refer to a real property appraiser, somebody that's exempt from the act currently that's an employee of the county or it can mean any person off the street. And so the language continues with: "subject to the standards established by the Tax Commissioner pursuant to section 77-1301.01." The board felt that it's unclear if the person retained to assist in the appraisal of property, the county assessor, the actual appraisal itself, or the county is subject to those standards. So they weren't completely sure as to where those standards come into play. Is it the actual appraiser, is it the person under contract, or is it the county that has to adhere to those standards? One could also argue that the statute as it's written...the language as it's written, provides an unrestricted exemption from the Real Property Appraiser Act for any person that is retained by a county. And what I mean by that is, the language specifies that there is an exemption for a purpose, but it doesn't limit that exemption. And we're not sure where the standards would actually apply to when it comes back into play where it would limit that person from going out and doing additional work or providing additional appraisal services under this exemption. Now, that could be an appraiser that could find a way to skirt the existing laws and standards by saying, I'm operating under this exemption or it could be somebody off the street that would try to do the same thing. At this point, the board wasn't sure exactly how the interpretation would be upheld. The added language in LB729 ends with: "A person so retained shall be under the direction and responsibility of a county assessor." And the board strongly agrees with this language. It holds the county assessor responsible and accountable for the work that is being provided by this person that may or may not be an appraiser. And likely in the situation that the exemption would apply and it would not be an appraiser. And so although a

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

credentialed appraiser is the most qualified person for this type of work, the board does understand the need for counties to keep assessment costs at a minimum. And this bill would allow the counties to retain any person that it sees fit to assist with the assessment of real property and also do so in a manner that is cost efficient to them. The last sentence in (LB)729 does present a concern to the board. If an exemption from the Real Property Appraiser Act is granted to any person retained by the county and the exemption is not restricted in any way, what direction is provided by the county assessor and what is the responsibility of the county assessor if the person does attempt to provide appraisal services under the exemption outside of their work for the county? And so it creates a liability for the county and also for the taxpayers to have an open-ended exemption. And so, as I mentioned at the beginning, the board feels that this bill is on the right track. Included with your handout is some language that the board recommended. And as it is now, the board is...it can't fully support the bill as it's standing, but if that amended language...if that bill was amended with that language, it would support the bill. And thank you for your time and if you have any questions, let me know. [LB729]

SENATOR SCHEER: Any questions? Senator Williams. [LB729]

SENATOR WILLIAMS: Thank you, Senator Scheer. Thank you for your testimony. Was this language shared with the (bill) drafters in advance of this committee meeting? [LB729]

TYLER KOHTZ: Like I said, the board saw it for the first time, as a whole, January 21. So the bill was already introduced at that time. We did see a draft of it a few months ago and then I followed up a day before the legislative session started and found out this bill was in existence. And there was also, actually, at that time, language in it that exempted everybody completely from it...from this activity. And I worked with the board members to try to at least get that part removed. And then when they actually saw the bill in its full form for the first time, they came up with these questions and wanted me to address them with you, as the committee. So, in other words, no, to answer your question. [LB729]

SENATOR WILLIAMS: That's what I thought the answer was. Thank you. [LB729]

SENATOR SCHEER: Thank you, Senator Williams. Any other questions? I'm not sure. Okay, there we go. Senator Schumacher. [LB729]

SENATOR SCHUMACHER: Thank you, Senator Scheer. The language that you're suggesting in red on your exhibit as an addition, what you just want to make clear is that this person does not use the new language in number (8) on page 4 as a ticket to do something more than help the assessor out. [LB729]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

TYLER KOHTZ: That's correct. And if you look at the other exemptions in our act, it does limit where they can go. And this one just kind of...it says the exemption and then what the purpose is for, but it doesn't clarify where that exemption ends at. And what the board wants is to see that closed up. And so that's what the recommended language, if you look at it, after...pursuant to section 77-1301.01 and then it starts up: "...except that any person who also engages in real property appraisal activity or appraisal practice for others shall be subject to the Real Property Appraiser Act and shall be credentialed prior to providing any such service." And that's basically saying, you can only do this work for this purpose, but if you try to go out, at that point you're going to be subject to the act. [LB729]

SENATOR SCHEER: Okay. Thank you. [LB729]

SENATOR SCHUMACHER: That new language that you're suggesting isn't intended to bring...put any more licensing requirements on the people who are actually doing work for the assessor within the scope of the assessor's work. Is that correct? [LB729]

TYLER KOHTZ: Absolutely not. And, in fact, as I mentioned, the board supports the idea of the concept of what's going on here. It was just concerned that it left it open and somebody could possibly use that exemption as a way to try to get around the act. [LB729]

SENATOR SCHUMACHER: And your new language is not intended to apply to...is intended to apply only to people retained, the independent contractors,... [LB729]

TYLER KOHTZ: That's correct. [LB729]

SENATOR SCHUMACHER: ...not the assessor or assessor's staff or the county itself? (Inaudible). [LB729]

TYLER KOHTZ: That's correct, yes. Okay, and that's why it got so long when we were putting it together, because we kept trying to reclarify to tie it down to exactly what the intent is. [LB729]

SENATOR SCHUMACHER: Okay. So as long as we...if we start tweaking with this language, as long as we are in the parameters of what we just discussed, then you're cool with it? [LB729]

TYLER KOHTZ: That's correct. [LB729]

SENATOR SCHUMACHER: Okay, thank you. [LB729]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

TYLER KOHTZ: Yes. [LB729]

SENATOR SCHEER: Thank you, Senator Schumacher. Any other...Senator Craighead. [LB729]

SENATOR CRAIGHEAD: Thank you, Chairman. So since there was legislation passed last year in 2015, it allows real estate brokers to do CMAs and BPOs for income tax protest purposes, why would you not also want to put that in your legislation to include that group? [LB729]

TYLER KOHTZ: This has been a long battle. And I think, as Senator Johnson mentioned, it's just kind of everybody is compromising now at this point. And so I think in order for everybody to reach an agreement there are certain things that every side had to give up in this. And I think the board is uncomfortable with the general idea of somebody off the street could possibly be doing this work, but at the same time understands the positions that the counties are in, especially the smaller ones that have smaller budgets that they need to work within. And so to answer your question, the board does have concerns about that, but at the same time is willing to compromise that. [LB729]

SENATOR CRAIGHEAD: Thank you. [LB729]

SENATOR SCHEER: Senator Campbell. [LB729]

SENATOR CAMPBELL: Thank you, Chairman Scheer. So, could you just briefly describe to us what the standards are in that section 77-...do you know that? [LB729]

TYLER KOHTZ: I could not. [LB729]

SENATOR CAMPBELL: We'll have legal counsel look that up. [LB729]

TYLER KOHTZ: I looked at it and tried to put it together, but I'm not well versed in that aspect, so I couldn't tell you exactly what is meant by it. [LB729]

SENATOR SCHEER: Okay, thank you. Any others? Seeing none, thank you very much. [LB729]

TYLER KOHTZ: Thank you. [LB729]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

SENATOR SCHEER: Any other in a neutral position? Seeing none, Senator Johnson to close. [LB729]

SENATOR JOHNSON: I'll close and prepare for another opening. Thank you, Senator and committee. As our last presenter talked, this has been a negotiation. It's...bring things together. I think the agreement was that what's in the bill here, which allows to work under a county assessor, is the main focus of the bill. I can understand their comments, and the fact that we did not see any of that...we did start on this last summer. And I think we would be willing to sit down with your counsel and between the county assessors and the appraiser boards to work on some details. I would hope that we could move this forward and if there is a committee amendment to that, in order to help that out, hopefully we could come up with that in a short period of time. They can work with my staff and we can accomplish that, I believe, so. [LB729]

SENATOR SCHEER: Any final questions? Senator Schumacher. [LB729]

SENATOR SCHUMACHER: Thank you, Senator Scheer. Senator Johnson, you were here during the discussion that we had as to what the appraiser board...what the purpose of it and its discomfort was about. Philosophically, if we come up with language to implement that, that you would...and to address those issues, that would be your objective, too? [LB729]

SENATOR JOHNSON: I believe most of...yeah, what he said would be pretty friendly to the process, yeah. [LB729]

SENATOR SCHUMACHER: Thank you. [LB729]

SENATOR SCHEER: Any other questions? If not, I will end the hearing of LB729 and we will now open LB731. Senator Johnson. [LB729]

SENATOR JOHNSON: (Exhibit 1) Thank you. I do have some handouts. Again, my name is Jerry Johnson, J-e-r-r-y J-o-h-n-s-o-n, I present LB731. It's pretty much a cleanup bill. And I'll read a lot of technicalities here and things. The purpose of LB731 is to update the Nebraska Real Property Appraiser Act, A-C-T, for compliance with the Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989; the Real Property Appraiser Qualification Criteria, effective January 1, 2015; the Uniform Standards of Professional Appraisal Practice, USPAP; and the policy statements of the Appraisal Subcommittee of the Federal Financial Institutions Examination Council, ASC Policy Statements. Title XI requires each state to prescribe appropriate standards for the performance of real estate appraisals in connection with federally related transactions. In addition, real estate appraisals are to be performed in

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

accordance with generally accepted uniform appraisal standards and are to be performed by an individual whose competency has been demonstrated and his professional conduct is subject to effective state supervision. (If) the state of Nebraska is found not to be in compliance with Title XI by the Appraisal Subcommittee, the Appraisal Subcommittee may remove all Nebraska accredited appraisers from the Federal Registry, resulting in no appraisers qualified to appraise real property in connection with federally related transactions, which is approximately 80 percent of all mortgage loan activity. Along with these changes required by the Appraisal Subcommittee, USPAP, the 2015 criteria, and the ASC Policy Statements, LB731 also includes minor changes to address administration of the act. It's a fairly long bill, but when you start working on that many things... [LB731]

SENATOR SCHEER: Thank you, Senator Johnson. Questions for Senator Johnson? Seeing none, we are open for proponents of LB731. Welcome. [LB731]

MARC WOODLE: Good afternoon, Chairman Scheer and committee. My name is Marc Woodle, M-a-r-c W-o-o-d-l-e, I'm the chairman of the Nebraska Real Property Appraiser Board and I'm here to support LB731. As previously mentioned, it's a cleanup bill so Nebraska is compliant with federal requirements associated with Title XI. The board fully supports LB731. Considering it's...the cleanup nature of the bill and its small number of changes, it is important to move the bill on. And as related before, if the bill is not passed the board may be found noncompliant with Title XI by the Appraisal Subcommittee, which all Nebraska appraisers would be taken off the Federal Registry and result in no Nebraska appraisers being able to complete appraisals for federally related transactions. [LB731]

SENATOR SCHEER: Thank you. Questions? Senator Schumacher. [LB731]

SENATOR SCHUMACHER: Thank you, Senator Scheer. The language appeared in some of the old text that is being stricken, but is also reincorporated into the new text. And one of the requirements or the last two, (f) and (g), are different from the others because the others are quantifiable. And you can look at them and you can say, yes or no. But the last two: demonstrate character and general fitness as to command the confidence and trust of the public; and not possess a background that would call into question public trust or a credential holder's fitness for credentialing. What standards would be used to determine if somebody was not those two things? Are they just kind of open-ended or could we just say, or whatever? [LB731]

MARC WOODLE: That's a good question. I considered it a cleanup nature and the chairman probably...not the chairman, the director probably could answer that. But that's a good question. I don't have any...I wish I did have the answer to that, but I do not. [LB731]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

SENATOR SCHUMACHER: So those two kind of things, let's say, or whatever. Thank you. [LB731]

SENATOR SCHEER: Thank you, Senator Schumacher. Any other questions? Seeing none, the next proponent. Thank you very much for your testimony. Welcome back. [LB731]

TYLER KOHTZ: (Exhibit 2) Good afternoon, again. My name is Tyler Kohtz, Director for the Nebraska Real Property Appraiser Board, T-y-l-e-r K-o-h-t-z. And I'd like to thank Senator Scheer and the committee once again for the opportunity to appear on behalf of the board concerning LB731. Just to give you just a little bit of background, Senator Johnson touched on it a bit and Chairman Woodle briefly touched on it, but Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 requires each state to prescribe appropriate standards for the performance of real estate appraisals in connection with the federally related transactions. In addition, real estate appraisals are to be performed in accordance with generally accepted Uniform Standards of (Professional) Appraisal Practice and are to be performed by an individual whose competency has been demonstrated and whose professional conduct is subject to effective state supervision. The board was established to carry out the requirements of Title XI and also the Federal Financial Institutions Examination Council Appraisal Subcommittee requirements in the form of policy statements. That entity is also known by its short name, the Appraisal Subcommittee. The Real Property Appraiser Act consists of qualifications for credentialing, standards for appraisal practice, and appraiser conduct. The board's primary functions are: to issue new and renewed credentials; develop and implement standards for appraiser credentialing; approve appraiser qualifying and continuing education courses; investigate and adjudicate grievances; and disseminate relevant information to the public, credential holders, and appraisal management companies. The Appraisal Subcommittee monitors the requirements established by each state, territory, or the District of Columbia and their appraiser regulatory certification and licensing program for compliance with Title XI. The ASC is authorized by Title XI to take action against any noncomplying state appraiser regulatory program if its policies, practices, and procedures are inconsistent with the requirements found in Title XI. And the Appraisal Subcommittee is also charged with monitoring and reviewing the practices, procedures, and activities and organizational structure of The Appraisal Foundation. This entity develops the real property appraisal standards and the qualifications through two of its three boards. And so to give you a little structure, The Appraisal Foundation is a nonprofit that is governed by the Appraisal Subcommittee who is a federal agency. LB731 is a cleanup bill that updates the Nebraska Real Property Appraiser Act with the necessary requirements to meet compliance with Title XI; the Real Property Appraiser Qualification Criteria, which was last updated in May of 2015; the Uniform Standards of (Professional) Appraisal Practice; and the policy statements of the Appraisal Subcommittee. Specifically, the following changes are included in LB731: The dates for recognition of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Financial Institution Reform, Recovery and Enforcement Act

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

of 1989 was changed from January 1, 2014, to January 1, 2016. These acts contain the standards used by the ASC to monitor state appraiser regulatory programs. Also, this bill changes the recognition of the Uniform Standards of Appraisal Practice from 2014-15 edition to the 2016-17 edition that became effective on January 1, 2016. USPAP, if you don't know, is the quality control standards that appraisers must adhere to. (LB)731 changes the date of course approval by the Appraiser Qualifications Board of The Appraisal Foundation for the 15-hour and the 7-hour national Uniform Standards of (Professional) Appraisal Practice course from January 1, 2014, to January 1, 2016. LB731 modifies the definition of signature to include the language: and compliance with the Uniform Standards of Professional Appraisal Practice to further clarify the responsibility accepted by signing a report. (LB)731 also modifies (section) 76-2221(1) to clarify that only a credentialed real property appraiser who is a salaried employee of one of the entities defined in (a) through (d) of that section that does not sign a report as a credentialed property appraiser shall include the disclosure: "This opinion of value may not meet the minimum standards contained in the Uniform Standards of Professional Appraisal Practice and is not governed by the Nebraska Real Property Appraiser Act." Currently, as it appears, the provision may apply to all salaried employees, regardless of one's status as a credentialed employee or not or a credentialed appraiser or not. (LB)731 adds a new provision to clarify the responsibilities of a credential holder appointed to serve as an appraiser pursuant to (section) 76-706. If a credential holder is appointed for this purpose, he or she shall be subject to the scope of practice for a credential and shall comply with the applicable requirements of USPAP. (LB)731 updates (section) 76-2222(1) to allow any certified real property appraiser selected as one of the three congressional representatives. Currently, the language allows for only a certified general real property appraiser to be selected for this position on the board. It's the board's view that this requirement restricts the number of quality candidates available to apply for appointment to sit on the board. (LB)731 updates (section) 76-2227(1), (2), and (3) to include all types of credentials applicable to the provisions to allow for background requirements currently found in (section) 76-2227.01 through 76-2233 to be consolidated in the newly created (section) 76-2227(4). And the purpose of this is to eliminate duplication. It was found under each individual credential section and it was the exact same language so what the purpose is, is to move it from four places and just put it in one place in the application section, and so it shrinks down the number of times you have to look at that language. (LB)731 removes the course completion time requirements and final exam requirements for the real property associate in (section) 76-2227.01. After evaluating the burden that these requirements placed on a potential applicant, the board felt that removal of the requirements would result in qualifications that better align with the purpose of the credential. (LB)731 also updates (section) 76-2228.01(c)(i) to clarify that the 15-hour national USPAP course shall be completed within two years preceding the submission of an application, which strengthens the existing language as it is found in the act. In its June 19, 2015, ASC Compliance Review Report, the Appraisal Subcommittee stated: All trainee QE must be completed within five years prior to the date of submission of a trainee appraiser application. And it was the Appraisal Subcommittee's position that the act did not

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 25, 2016

appropriately define the time requirements. (LB)731 changes the course length requirement from seven hours to a course of at least seven hours in (section) 76-2236(4). That's a report writing update requirement for continuing education. And what it does is it allows flexibility for those that live out of state and hold their credential to meet the requirement. As of now, it's very difficult because Nebraska is the only state with that requirement, so other states don't have courses that meet that, so they really scramble to try to find those courses. LB731 updates (section) 76-2238(20) and (21) to change the language: "held" by another regulatory agency to "issued" by another regulatory agency, and the current language is just grammatically incorrect. And finally, (LB)731 removes the language: "For a licensed residential real property appraiser, a certified residential real property appraiser, or certified general real property appraiser" concerning the inactive credential application fee from (section) 76-2241(g) to be consistent with (section) 76-2241(h). That one just says, inactive credentialing fee, so we want them to match up. And so, as I mentioned, LB731 is a cleanup bill that updates the Real Property Appraiser Act with the necessary requirements for compliance with Title XI; the Real Property Appraiser Qualification Criteria, updated in May of 2015; the Uniform Standards of Professional Appraisal Practice; and the policy statements of the Appraisal Subcommittee. If the state of Nebraska is found to be noncompliant with Title XI, the Appraisal Subcommittee may remove all of the Nebraska credentialed appraisers from the Federal Registry, resulting in no appraisers qualified to appraise real property in connection with the federally related transactions, which could be approximately 80 percent to 90 percent of the loan activity. The board supports LB731. And thank you for your time and if you have any questions, please let me know. [LB731]

SENATOR SCHEER: Okay. Thank you. Any questions? Seeing none, thank you very much. [LB731]

TYLER KOHTZ: Thank you. [LB731]

SENATOR SCHEER: Any other proponents? Any opponents to (LB)731? Anyone wishing to speak in a neutral capacity? Senator Johnson to close? He waives closing. And that will end the hearing on LB731. And I thank everyone for coming. [LB731]