

Mr. Chairman, members of the committee for the record I'm Sen. Joe Balyeat representing SD34. Today I'm presenting SB422 to relax some of the more onerous provisions of the Appraiser licensing rules.

This committee has already had a lengthy hearing with respect to Sen. Hansen's SB5; and I won't subject the committee to another lengthy presentation. SB5 was a fairly aggressive approach to dealing with the appraiser situation, SB422 is a much more moderate approach. The Senate Business & Labor committee and the full Senate passed Senate Bill 422 overwhelmingly, because they were well aware that there is a significant problem with respect to appraiser licensing. After the 2003 session, the Appraiser Board adopted new licensing rules so restrictive as to preclude anybody but "friends and family" from entering the field. They narrowed down the pool of potential trainers from 450 appraisers to only about 45 mentors. They enacted a 100 mile mileage restriction, so the only people you could train would of necessity soon be your own local competition. They limited the number of trainees to only 2; so that even the few appraisers who were willing to train people could only have a negligible impact on the market.

If you still have your SB5 folder and open it you'll remember that we have people who have spent thousands of dollars on education and testing, only to find that no appraiser in Montana is willing to help them fulfill their licensing requirements. We have MT citizens flying to New Jersey on a weekly basis to obtain their appraiser hours. Reviewing the maps provided by the Legislative Auditor's office; we have large portions of eastern MT where, under the current 100 mile rule; it is impossible to become an appraiser. And these communities are left with no local appraiser options.

You will recall from Sen. Hansen's SB5 hearing, that there is no logical basis whatsoever for the 100 mile rule, other than to further restrict entrance into this field. The committee will recall my line of reasoning, that if an appraiser is not qualified to train someone 100 miles away from his home office, why is he not also restricted to only doing appraisals within 100 miles of his home office?

So, Mr. Chairman, committee members, my bill makes two simple revisions. 1) It removes the 100 mile restriction. 2) It allows mentors to have 4 trainees instead of 2. Personally, I don't think this bill even goes far enough. Even if this bill is passed, the Appraiser Board would still have in place the "mentor" permitting process -- which restricts the pool of potential trainers down from 450 to a field roughly one tenth that size. The Board would also still have a 4 trainee limit for each mentor.

I submit to this committee, that even before the Board enacted these new restrictive licensing rules, it was already very difficult to become an appraiser in MT because you had to find an appraiser willing to train his potential future competitor; and the trainee had to put in thousands of hours within a limited time frame --- with no guarantee that the trainer wouldn't just lay you off shortly before you reached your hours requirement, the time frame would elapse, and you'd be right back to square one again.

You will recall from the SB5 hearing my comments regarding former Representative Steve Vick, Appropriations Chairman in 2001. He moved to Idaho but recently came back to MT for a visit. Why did he leave MT? I spoke with him while he was here. He revealed that he left MT precisely because he wanted to pursue a career as an appraiser and no one was willing to train him. He said he contacted 40 to 50 appraisers, without a single taker. A former representative and Appropriations Chairman. Here is a man with both high qualifications and supposedly high brow connections, and not even he could break into the "friends & family" inner circle. So he was forced to leave his lifelong home and state that he loves.

Sen. Hansen recently received an email from a desperate would-be appraiser. It said, **"I've taken all necessary coursework and testing, spent \$1000's, and can't find any trainer willing to train me. There is no-one to help. I have 24 classmates in the same boat as me. Please do something."**

I'm aware that this committee already tabled SB5, and I'm sure the Appraisers Board will also lobby you heavily to kill this bill, claiming they'll fix it via their own rule-making process. I urge you to resist their efforts and pass this bill. Don't make the same mistake which this legislature made last session. Talk with Sen. Grimes who carried a bill in 2003 granting this board rule-making authority to allegedly make it easier to become an appraiser. He was surprised and embarrassed to come back this session to find that these draconian restrictions were placed upon appraiser-trainees under the auspices of his bill. He was further surprised when I informed him that board representatives told me the restrictions themselves were actually passed by the last legislature. Don't kill this bill. Without this bill, we have no guarantee that the board will actually follow through after public hearings and do what they say they'll do.

Moreover, I'm told the board's proposal only allows 3 trainees, as opposed to 4. They say this is based on national standards. On Monday, I asked to see those standards before this hearing. I was told I'd get the info by yesterday, but I didn't receive anything. So if we're provided with that info today, I hope I'll get to review it and

answer questions later in the hearing. But even if the national recommendation is 3 trainees, I'd submit that the sparse population and large distances between communities in Montana would dictate a more relaxed rule of 4 trainees – especially given the fact that recent rule changes have reduced the number of potential trainers by 90% -- from 450 down to less than 50. I'd also submit that the track record of Montana appraisers being largely unwilling to sponsor trainees further dictates that we need a more relaxed rule of 4 trainees per mentor.

Mr. Chairman, to save the committee time, I sought no proponents for this bill. If any came of their own volition I ask that they keep their testimony brief in view of the fact that you've already had one hearing on this matter. and I'll be happy to respond to any questions and reserve the right to close. Thank you, Mr. Chairman.