

HOUSE BILL REPORT

HB 1677

As Reported By House Committee On:

Education

Title: An act relating to requiring school districts to obtain an appraisal before purchasing real property.

Brief Description: Requiring school districts to obtain an appraisal before purchasing real property.

Sponsors: Representatives Koster, Campbell, Radcliff, Sheldon, Brumsickle, Stevens, McMahan, Smith, Clements, McMorris, Sherstad and Robertson.

Brief History:

Committee Activity:

Education: 2/16/95, 2/24/95 [DPS].

HOUSE COMMITTEE ON EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 19 members: Representatives Brumsickle, Chairman; Elliot, Vice Chairman; Johnson, Vice Chairman; Cole, Ranking Minority Member; Poulsen, Assistant Ranking Minority Member; Clements; Dickerson; G. Fisher; Fuhrman; Hatfield; McMahan; Pelesky; Quall; Radcliff; Smith; Talcott; B. Thomas; Thompson and Veloria.

Staff: Robert Butts (786-7111).

Background: Current state law does not require school districts to obtain appraisals prior to buying real estate.

Current law does require, however, that school districts obtain a market value appraisal by three licensed real estate brokers or professionally designated real estate appraisers prior to selling real property.

The major activities of "licensed real estate brokers" are to buy, sell, advertise, and negotiate the sale and purchase of real estate. While they often complete informal market appraisals, state law does not require that they have extensive experience in real estate valuation.

According to state law, a "professionally designated real estate appraiser" is an individual who is regularly engaged in the business of providing real estate valuation, who is deemed qualified by a nationally recognized real estate appraisal educational organization, and who is required to adhere to specified standards of professional practice.

Summary of Substitute Bill: School districts are required to have a market value appraisal of real property prior to buying real property. The appraisal must be conducted by a professionally designated real estate appraiser selected by the district's board of directors.

When selling real property, current law is amended to require that the market value appraisal be conducted only by professionally designated real estate appraisers. The appraisals may not be conducted by licensed real estate brokers. In addition, only one appraisal is required, not three.

Substitute Bill Compared to Original Bill: Technical changes were made.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: School districts pay too much for real estate that they buy. If school districts were required to get an appraisal by a qualified appraiser prior to buying property, fewer taxpayer dollars would be wasted.

Testimony Against: None.

Testified: Representative John Koster, prime sponsor; Arnold Hansen, citizen (pro); and Roger Valdez, Washington State School Directors' Association (pro).