



July 11th, 2025

Dear Governor Ferguson,

As part of your line-by-line review of the state operating budget adopted by the Legislature, funding and proviso language to address fiscal management issues related to the real estate appraiser licensing program at the Department of Licensing (DOL) in Section 401 (6) of ESSB 5167 was vetoed.

The Appraisers' Coalition understands how most Title 18 RCW business and professional licensing revolving accounts are required to be self-funding – that licensing fees paid by the licensees fund the regulatory programs.

In the summer of 2024, appraisers were notified that the DOL intended to file a notice of rulemaking to increase the broad array of real estate appraiser fees by about 100 percent; the licensing fee alone from \$530 to \$980. The need for this fee increase was due to fiscal management issues at the DOL. For 26 months, money paid by appraisers to DOL as a part of licensing fees was to be passed on to the federal Appraisal Sub-Committee (ASC), as a part of the state's dues to support that program.

The ASC discovered the error in an audit, and the DOL was forced to pay more than \$350,000 in back invoices to the ASC. This depleted the appraiser licensing account.

Regular review of the department budget would have shown that the department was collecting the ASC funds paid in trust by appraisers, and depositing them into the appraisers account instead of forwarding them to the ASC. This continued for almost 3 years and hid the gradually declining fund balance due to increased costs. If that decline had been recognized, fees would have been raised by appropriate amounts at appropriate times.

The fee increase that was levied fills the shortfall, collecting enough funds to remain self-funded as required. However, the increase is based on the amount of funds needed to restore the three-year depleted fund balance by the end of the biannual budget period. Ongoing, the increase will result in excess funds and is not necessary for normal operations.

The DOL is aware of this and has suggested a "fee holiday" when the fund balance has been restored. This will not help the appraisers who are closing their small businesses, who are fed-up with the state of the appraisal profession where it is becoming increasingly difficult to earn a living, hire and train new appraisers, and uphold the public trust as we are sworn to do.

The Coalition worked to bring legislative awareness to this issue the minute that the DOL announced their intention for the dramatic fee increases. We filed an appeal with the DOL on the rulemaking, and in a time of significant transition last fall, we asked your predecessor, Gov. Inslee, to look at the situation. During the 2025 session, we worked with Senate and House leaders to address the issue through legislation (HB 1973), or a budget proviso – which was ultimately the vehicle of relief adopted by the legislature.

Your responsibilities are great, and I realize that our needs are minute in the overall scheme of things. We are a very small cog in the housing market, the very market where you and others are working hard to increase affordable access to, to help the residents of our state, combating homelessness and providing jobs for everyone on all sides. However, the basis upon which our budget proviso was denied was based on what we believe to be a lack of background information.

Appraisers are vital to protecting consumers from predatory practices as the only party to the transaction without a vested interest in the outcome.

We are again asking for your consideration of a one-time fund allocation to restore the fund balance deficit created by the Department of Licensing. We have appreciated your public comments to work with the business community, and we ask that you and your staff work with us to reinstate the budget proviso that was vetoed in the 2026 session, based on what we hope will provide a clearer understanding of the situation and your commitment to support the people and small businesses of Washington. I am available to discuss further if you have any questions and thank you for your time and consideration of our situation.

With respect,



Kathy Walsh
President
Appraisers' Coalition of Washington

cc: Representative Brandy Donaghy
Anthony Sermonti