

### At a Glance

## H.R. 2553, Real Estate Valuation Fairness and Improvement Act of 2021

As ordered reported by the House Committee on Financial Services on April 21, 2021

By Fiscal Year, Millions of Dollars	2022	2022-2026	2022-2031
Direct Spending (Outlays)	<b>1</b>	<b>9</b>	<b>10</b>
Revenues	*	*	<b>1</b>
Increase or Decrease (-) in the Deficit	<b>1</b>	<b>9</b>	<b>9</b>
Spending Subject to Appropriation (Outlays)	*	<b>178</b>	<b>249</b>
Statutory pay-as-you-go procedures apply?	<b>Yes</b>	<b>Mandate Effects</b>	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032?	<b>&lt; \$5 billion</b>	Contains intergovernmental mandate?	<b>No</b>
		Contains private-sector mandate?	<b>Yes, Under Threshold</b>

Components may not sum to totals because of rounding; \* = between -\$500,000 and \$500,000.

#### The bill would

- Require the Appraisal Subcommittee of the Federal Financial Institutions Examination Council to establish an interagency task force on real estate valuation
- Authorize the appropriation of \$250 million in grants to promote diversity in the appraisal industry
- Impose a private-sector mandate if federal financial regulators increase fees to offset costs associated with enacting the bill

#### Estimated budgetary effects would mainly stem from

- Changes to direct spending and revenues arising from agencies' participation in the task force
- Spending of authorized amounts

**Detailed estimate begins on the next page.**

### Bill Summary

H.R. 2553 would require the Appraisal Subcommittee of the Federal Financial Institutions Examination Council (FFIEC) to establish an interagency task force on real estate valuation and to coordinate with private-sector entities to encourage diversity among newly hired appraisers. The task force would terminate five years after enactment. The bill also would authorize the appropriation of \$50 million annually for fiscal years 2022 through 2026 to provide grants to states, nonprofit organizations, and postsecondary education institutions to promote diversity and inclusion in the real estate appraisal profession.

### Estimated Federal Cost

The estimated budgetary effect of H.R. 2553 is shown in Table 1. The costs of the legislation fall within budget functions 350 (agriculture), 370 (commerce and housing credit), 600 (income security), and 700 (veterans benefits and services).

<b>Table 1. Estimated Budgetary Effects of H.R. 2553</b>												
<b>By Fiscal Year, Millions of Dollars</b>											2022-2026	2022-2031
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
<b>Net Increases in Direct Spending</b>												
Estimated Budget Authority	1	2	2	2	2	*	*	*	*	*	9	10
Estimated Outlays	1	2	2	2	2	*	*	*	*	*	9	10
<b>Net Changes in Revenues</b>												
Estimated Revenues	*	*	*	*	*	*	*	*	*	*	*	1
<b>Net Increase in the Deficit From Changes in Direct Spending and Revenues</b>												
Effect on the Deficit	1	2	2	2	2	*	*	*	*	*	9	9
<b>Increases in Spending Subject to Appropriation</b>												
Estimated Authorization	50	50	50	50	50	0	0	0	0	0	252	252
Estimated Outlays	*	20	45	53	59	40	22	10	0	0	178	249

Components may not sum to totals because of rounding; \* = between -\$500,000 and \$500,000.

### Basis of Estimate

For this estimate, CBO assumes the bill will be enacted in fiscal year 2022 and that spending will follow historical patterns for the affected programs.

### Direct Spending and Revenues

CBO estimates that enacting H.R. 2553 would increase net direct spending by \$10 million, increase revenues by \$1 million, and increase the deficit by \$9 million over the 2022-2031 period.



**Appraisal Subcommittee.** Under H.R. 2553, the Appraisal Subcommittee of the FFIEC would be required to oversee the interagency task force on real estate valuation. The bill also would authorize the subcommittee to enter into agreements with entities such as appraisal management companies and industry associations to promote diversity in the appraisal profession. Using information from the FFIEC, CBO estimates those activities would increase direct spending by \$3 million over the 2022-2031 period.

Under current law, the Appraisal Subcommittee is authorized to collect fees from appraisal management companies and real estate appraisers to offset its operating costs; those fees are recorded as revenues in the federal budget. CBO estimates that the subcommittee would collect fees over the 2022-2031 period to offset the \$3 million cost it would incur under the bill. When certain types of indirect taxes or fees are imposed on goods and services, taxable incomes for businesses and workers tend to decline, which leads to subsequent reductions in revenues from income and payroll taxes. As a result, CBO estimates the additional fee collections would be partially offset by a reduction in tax receipts of between 22 percent to 25 percent of the gross fee amount each year.<sup>1</sup> After accounting for that, CBO estimates that collecting those fees would, on net, increase revenues by about \$2 million over the 2022-2031 period.

**Other Agencies.** The Consumer Financial Protection Bureau, Federal Deposit Insurance Corporation, National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), along with Fannie Mae, Freddie Mac, and the Federal Housing Finance Agency would be required to participate in the interagency task force. Using information from the affected agencies, CBO estimates that enacting the bill would increase gross direct spending by \$9 million over the 2022-2031 period for additional staff and administrative costs. However, the NCUA and the OCC are authorized to collect fees from the institutions they regulate to offset their operating costs; such fees are treated as reductions in direct spending. Thus, CBO estimates that enacting the bill would increase net direct spending by \$7 million over the 2022-2031 period for those agencies.

The Federal Reserve also would be required to participate in the interagency task force. Administrative costs incurred by the Federal Reserve reduce remittances to the Treasury; such remittances are recorded in the budget as revenues. CBO estimates that the cost to the Federal Reserve to participate in the interagency task force would total \$1 million over the 2022-2031 period; therefore, revenues would decrease by the same amount.

### **Spending Subject to Appropriation**

The bill would authorize the appropriation of \$50 million annually for fiscal years 2022 through 2026 for the Appraisal Subcommittee to provide grants to states, nonprofit organizations, and postsecondary education institutions for programs to promote diversity

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1. See Congressional Budget Office, *The Role of the 25 Percent Revenue Offset in Estimating the Budgetary Effects of Legislation* (January 2009), [www.cbo.gov/publication/20110](http://www.cbo.gov/publication/20110).



and inclusion in the real estate appraisal profession. Based on spending for similar programs, CBO estimates that implementing this provision would cost \$177 million over the 2022-2026 period and \$71 million after 2026, assuming appropriation of the authorized amounts.

The Government National Mortgage Association, Department of Housing and Urban Development, Department of Agriculture, and Department of Veterans Affairs also would participate in the task force. CBO estimates that participation would cost those agencies an insignificant amount in any year and a total of \$2 million over the 2022-2026 period. Spending would be subject to the availability of appropriated funds.

In total, CBO estimates, implementing H.R. 2553 would increase spending subject to appropriation by \$178 million over the 2022-2026 period (see Table 2).

**Table 2.**  
**Estimated Increases in Spending Subject to Appropriation Under H.R. 2553**

	By Fiscal Year, Millions of Dollars					2022-2026
	2022	2023	2024	2025	2026	
Grants						
Authorization	50	50	50	50	50	250
Estimated Outlays	*	20	45	53	59	177
Task Force						
Estimated Authorization	*	*	*	*	*	2
Estimated Outlays	*	*	*	*	*	2
Total Changes						
Estimated Authorization	50	50	50	50	50	252
Estimated Outlays	*	20	45	53	59	178

Components may not sum to totals because of rounding; \* = between zero and \$500,000.

## Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in Table 1.

## Increase in Long-Term Deficits

CBO estimates that enacting H.R. 2553 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2032.

## Mandates

If federal financial regulators increased fees to offset costs associated with implementing the bill, H.R. 2553 would increase the cost of an existing mandate on financial institutions required to pay those assessments. CBO estimates that the mandate's cost would be small



and below the annual threshold established in the Unfunded Mandates Reform Act (UMRA) for the private sector (\$170 million in 2021, adjusted annually for inflation).

H.R. 2553 contains no intergovernmental mandates as defined in UMRA.

### **Estimate Prepared By**

Federal Costs:

Nathaniel Frenzt (Federal Reserve)

David Hughes (Appraisal Subcommittee, Consumer Financial Protection Bureau)

Stephen Rabent (Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency)

Robert Reese (Government National Mortgage Association, Department of Housing and Urban Development, Department of Agriculture, Department of Veterans Administration)

Aurora Swanson (Federal Housing Finance Administration, Fannie Mae, Freddie Mac)

Mandates: Fiona Forrester

### **Estimate Reviewed By**

Susan Willie

Chief, Natural and Physical Resources Cost Estimates Unit

Josh Shakin

Chief, Revenue Estimating Unit

Kathleen FitzGerald

Chief, Public and Private Mandates Unit

H. Samuel Papenfuss

Deputy Director of Budget Analysis

Theresa Gullo

Director of Budget Analysis