

Approved 2/20/86 Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS

The meeting was called to order by Senator Edward F. Reilly, Jr. at  
Chairperson

11:00 a.m./~~p.m.~~ on February 19, 1986 in room 254-E of the Capitol.

All members were present except:

Senator Walker was excused.

Committee staff present:

Emalene Correll, Legislative Research  
Robin Hunn, Legislative Research  
Mary Torrence, Assistant Revisor of Statutes  
June Windscheffel, Secretary to the Committee

Conferees appearing before the committee:

Gene Yockers, Kansas Real Estate Commission  
Ralph Textor, 5219 Nieman Road, Shawnee, Kansas

Senator Arasmith moved that the Minutes of February 12 and 13, 1986, be approved. Seconded by Senator Martin. Motion carried.

SB538 - concerning real estate recovery revolving fund, was the first matter to come before the Committee. The Chairman asked Robin Hunn, Staff, to present an overview to the Committee. A copy of the memorandum is part of these Minutes. (Attachment 1) It explains the Real Estate Recovery Revolving Fund and the Real Estate Fee Fund. Ms. Hunn answered questions from the Committee.

The next conferee concerning SB538, was Mr. Gene Yockers, of the Real Estate Commission. Copies of the bill and its amendments in balloon form was distributed for the Committee. The Chairman asked Mr. Yockers to go through and explain the various amendments. There was an out-of-town conferee waiting, so in courtesy to him Mr. Yockers did not conclude his remarks to the Committee. He will continue these at tomorrow's meeting.

SB539 - concerning real estate brokers' and salespersons' license act, was the bill that the out-of-town conferee had asked to appear on. The Chairman introduced Mr. Ralph Textor, of Shawnee, Kansas, who had asked to appear. Mr. Textor stated that he is a salesman of real estate in Shawnee and that on page 19 the deletion of "Offer or give prizes, gifts or gratuities which are contingent upon a client's listing, purchasing or leasing property" would cause hardship on the small operators. He felt it very important that this not be stricken.

The meeting was adjourned shortly after noon.

2/20/86  
Attachment #1

MEMORANDUM

February 10, 1986

TO: Federal and State Affairs Committee  
FROM: Kansas Legislative Research Department  
RE: Real Estate Commission Recovery Revolving Fund

The budget for the Real Estate Commission contains two funds. Each is briefly described below:

Real Estate Recovery Revolving Fund. This fund is authorized under K.S.A. 58-3066 to reimburse persons who suffer monetary damages caused by certain unlawful acts of brokers, salespersons, and unlicensed employees of brokers committed during transactions involving the sale of real estate. The fund was created in 1974 by a \$200,000 transfer from the Real Estate Fee Fund. Payments are limited to \$15,000 per real estate transaction, \$30,000 per year, and \$50,000 in the aggregate per individual. Payments from the Recovery Revolving Fund in recent years have been as follows:

FY 1983	\$	17,901
FY 1984		30,000
FY 1985		60,452
FY 1986 (est.)		60,500

Real Estate Fee Fund. The Real Estate Commission Fee Fund is the fund utilized for operations of the Real Estate Commission. Revenues received from licensing real estate brokers and salespersons are deposited into the fund and expenditures from the fund are made to operate the Real Estate Commission. The Real Estate Commission currently has 11.0 FTE positions and the Governor recommends an FY 1986 operating budget of \$360,843. The chart below shows the status of the Real Estate Fee Fund based on the Governor's recommendations:

<u>Resource Estimate</u>	<u>Actual FY 85</u>	<u>Gov. Rec. FY 86</u>	<u>Gov. Rec. FY 87</u>
Beginning Balance	\$ 24,693	\$ 53,986	\$ 122,231
Net Receipts	288,855	429,088	400,700
Total Funds Available	\$ 313,548	\$ 483,074	\$ 522,931
Less: Expenditures	259,562	360,843	400,324
Ending Balance	\$ 53,986	\$ 122,231	\$ 122,607

Existing Law. K.S.A. 58-3066 states that if the Real Estate Recovery Revolving Fund balance is less than \$100,000 on July 1 of any year, a transfer from the Fee Fund shall be made to restore the balance to \$200,000 (the law stipulates that transfers would not be made to the extent that the financing of

commission operations would be jeopardized) and a one-time fee of \$10 per broker and \$5 per salesperson would be assessed and deposited in the Real Estate Fee Fund.

The year end balance in the Recovery Revolving Fund for previous years has been as follows:

FY 1983	\$ 188,921
FY 1984	189,976
FY 1985	182,448

S.B. 538. Under S.B. 538, the transfer between these two funds would not take place should the balance in the recovery fund drop below \$100,000. Instead, any payments of fees to restore the recovery fund balance would be made directly to the revolving fund. The bill would also provide that the one-time fees could be assessed at any time the recovery fund balance drops below \$100,000 instead of only on July 1 of any year, as provided in existing law. The bill would eliminate the requirement that the fund balance be restored to \$200,000. The bill also provides that legal expense incurred by the Real Estate Commission in connection with the Revolving Fund would be paid from the Revolving Fund. Currently, all legal expenses are paid from the Commission's fee fund.

RH/jar