

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 a.m. on March 23, 2004 in Room 241-N of the Capitol.

All members were present.

Committee staff present:

Jerry Ann Donaldson, Legislative Research Department  
Norm Furse, Revisor of Statutes  
Renaë Jefferies, Revisor of Statutes  
June Evans, Committee Secretary

Conferees appearing before the committee: Bill Yanek, KAR Director of Governmental Relations, Kansas Association of Realtors

Others attending:

See Attached List.

The Chairman opened the meeting and stated this would be the last day of committee meetings. This hearing was not planned as the bill was just received.

The Chairman opened the hearing on **SB 534 - Commercial real estate; co-brokerage agreements.**

Staff gave a briefing on **SB 534** which exempts commercial real estate transactions from the general rule by allowing a Kansas branch broker or supervising broker to cooperate with and share commissions with a foreign licensee (a real estate licensee, in good standing of another state or country). Upon entering into a broker cooperation agreement, which must be filed with the Kansas Real Estate Commission, the foreign licensee is permitted to perform services with respect to commercial real estate that would ordinarily require a license. The Senate Committee amendments substitute "branch broker or supervising broker" for the term licensee in New Section 2, and makes the provision for commercial real estate transactions a part of and supplemental to the Real Estate Brokers' and Salespersons' Licensing Act.

Bill Yanek, KAR Director of Governmental Relations, Kansas Association of Realtors, testified as a proponent to **SB 534**. Under current law, Kansas licensees are not able to co-broker real estate transactions with real estate licensees who are licensed outside the state. **SB 534** would allow commercial real estate brokers to co-broker transactions with foreign licensees, who are defined as a real estate licensees, in good standing of another state or country (Attachment 1).

The Chairman closed the hearing and said if there is no objection, and since this is the last day to work bills, we will work **SB 534**.

Representative Hill moved and Representative Grant seconded to pass **SB 534** out favorably. The motion carried.

The Chairman thanked the committee members and staff for their good work.

The Chairman stated the minutes of March 5, 8, 9, 11 and 12 were distributed and if there are any changes, please notify the secretary by March 25 or they would stand as approved.

The meeting adjourned at 9:30 a.m. This is the last meeting of the year.





TO: HOUSE COMMERCE AND LABOR COMMITTEE  
FROM: BILL YANEK, KAR DIRECTOR OF GOVERNMENTAL RELATIONS  
DATE: March 23, 2004  
SUBJECT: Senate Bill 534

The Kansas Association of REALTORS® supports Senate Bill 534.

Under current law, Kansas licensees are not able to co-broker real estate transactions with real estate licensees who are licensed outside the State of Kansas. K.S.A. 58-3062 c (1) states that: "No broker shall: Pay a commission or compensation to any person for performing the services of an associate broker or salesperson unless such person is licensed under this act and employed by or associated with the broker."

Increasingly, the commercial real estate marketplace is becoming interstate by nature. It is common for KAR commercial real estate brokers to receive offers to co-broker deals from across the country. Unfortunately, our licensees are limited to only transacting on a referral / referral fee basis. If a commercial real estate broker engages in any brokerage activities (e.g. negotiates, assists in or directs the procuring of prospects) that broker violates Kansas law.

SB 534 would allow commercial real estate brokers to co-broker transactions with foreign licensees, who are defined as a real estate licensees, in good standing of another state or country. Such transactions would be subject to the execution of a broker cooperation agreement.

Under SB 534, broker cooperation agreements would require:

1. The real estate transaction deals only in commercial real estate.
2. The foreign or out of state licensee agrees to comply with all Kansas laws and regulations.
3. The foreign or out of state licensee submits to the jurisdiction of Kansas courts and the Kansas Real Estate Commission.
4. All escrow funds are held in Kansas.
5. A copy of the broker cooperation agreement is provided to the Kansas Real Estate Commission within five business days of execution.

***The Kansas Association of REALTORS® urges favorable passage of SB 534.***



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