

February 14, 2013

The Honorable Julia Lynn, Chairperson
Senate Committee on Commerce
Statehouse, Room 445-S
Topeka, Kansas 66612

Dear Senator Lynn:

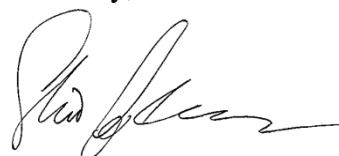
SUBJECT: Fiscal Note for SB 116 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 116 is respectfully submitted to your committee.

SB 116 would amend the Kansas Real Estate Brokers' and Salespersons' Licenses Act to prohibit a real estate licensee from paying or receiving a referral fee. The bill would eliminate all statutory references to referral fees and would eliminate the conditions that allow a referral fee to be paid or received.

The Kansas Real Estate Commission indicates the requirements of SB 116 would be incorporated in its regular examination procedures; however, those costs are estimated to be negligible. The Commission indicates that the payment and receipt of referral fees is a common practice in the real estate industry and eliminating this practice has the potential to increase the number of complaints, investigations, hearings, and disciplinary actions. However, it is not possible to predict the number of additional complaints, investigations, hearings, and disciplinary actions that would arise or how complex and time-consuming they would be. Therefore, a precise fiscal effect cannot be determined. The Commission indicates that if additional cases cannot be accommodated within existing resources, the Commission may be required to hire 1.00 FTE Special Investigator II position at a cost of approximately \$45,214. The State General Fund could also receive additional revenue from fines; however, the amount would be negligible. Any fiscal effect associated with SB 116 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Sherry Diel, Real Estate Commission