

**Written Testimony on Permanent Proposed Regulation K.A.R. 86-1-5
Joint Committee on Administrative Rules and Regulations**

**Erik Wisner
Executive Director
Kansas Real Estate Commission
September 28, 2015**

Good morning Chairman Schwartz and members of the committee. On behalf of the Kansas Real Estate Commission, I thank you for the opportunity to provide written testimony on proposed regulation K.A.R. 86-1-5.

The 2015 Legislature passed SB 108 which granted the Commission authority to increase license fees for salespersons and brokers from \$100 up to \$150 and from \$150 up to \$200 respectively. Pending approval of the proposed regulation, a two-year license fee for a salesperson will increase from \$100 to \$125 and a two-year license fee for a broker will increase from \$150 to \$175 effective December 1, 2015. The Commission estimates the fee increase will result in \$150,000 in additional revenue per year.

The downturn in the economy several years ago resulted in a significant decline in real estate license numbers between FY2008 and FY2013. This decline resulted in a drop in fees that fund Commission operations. Several changes were made to agency operations to handle these challenges including implementing an audit-by-mail program and outsourcing disciplinary legal cases to the Attorney General's office in order to reduce staff and travel costs.

Unfortunately, these operational changes did not improve the health of the fee fund which currently has a balance that represents only 35% of annual operating expenditures. In addition, the Commission is in the process of implementing several major operational enhancements including deployment of an improved online licensing system and replacement of an obsolete electronic records management system. These enhancements will allow the Commission to provide better customer service to real estate licensees and improve the efficiency of Commission operations. The Commission feels this moderate fee increase is necessary to carry out future operations.

Other changes in the proposed regulation include lowering fees for background checks due to lower pass through costs incurred by the Commission, clarifying the calculation method for pro-rated license application fees and eliminating the reference to a temporary salesperson's license fee.

The Commission thanks you for the opportunity to provide written testimony on proposed regulation K.A.R. 86-1-5.

**Jt Cmte on Adm Rules and
Regulations**

Attachment 1

Date 9-28-2015