

## Senate Subcommittee Report

**Agency:** Real Estate Commission

**Bill No.** H. Sub for SB 4

**Bill Sec.** 17

**Analyst:** Chiamopoulos

**Analysis Pg. No.** 1874

**Budget Page No.** 464

Expenditure Summary	Agency Estimate FY 2015	Governor Recommendation FY 2015	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	1,167,251	1,161,116	0
Subtotal	\$ 1,167,251	\$ 1,161,116	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
 TOTAL	 \$ 1,167,251	 \$ 1,161,116	 \$ 0
 FTE positions	 9.0	 9.0	 0.0
Non FTE Uncl. Perm. Pos.	4.0	4.0	0.0
TOTAL	13.0	13.0	0.0

### Agency Estimate

The **agency** estimates revised FY 2015 operating expenditures of \$1.2 million, all from special revenue funds, which is an increase of \$35,275, or 3.1 percent, above the amount approved by the 2014 Legislature. The increase is attributable to increased expenditures for background investigations and to increased professional services expenditures and computer equipment expenditures related to the replacement of the agency's electronic records management system. The 2014 Legislature approved \$27,500 in FY 2014 and \$77,500 for FY 2015, all from the Real Estate Recovery Revolving Fund, to replace the agency's electronic records management system. The agency did not expend any funds for this purpose in FY 2014 and has shifted \$22,500 of those funds to FY 2015. The agency requests funding for 9.0 FTE positions, which is the same number approved by the 2014 Legislature.

### Governor's Recommendation

The **Governor** recommends FY 2015 operating expenditures of \$1.2 million, all from special revenue funds. The recommendation is a decrease of \$6,135, or 0.5 percent, below the agency's estimate. The decrease is attributable to reduced KPERS employer contributions included in the Governor's allotment plan. The Governor concurs with the agency's estimate of 9.0 FTE positions for FY 2015.

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**House Sub. for Senate Bill 4**

House Sub. for SB 4 adopted the Governor's recommendation for FY 2015.

**Senate Subcommittee Recommendation**

The **Subcommittee** concurs with the Governor's recommendation with the following adjustment:

1. Add language to prevent the agency from expending moneys approved for information technology expenditures for any other purpose.

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Expenditure Summary	Agency Request FY 2016	Governor Recommendation FY 2016	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	1,234,189	1,111,201	0
Subtotal	\$ 1,234,189	\$ 1,111,201	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
 TOTAL	 \$ 1,234,189	 \$ 1,111,201	 \$ 0
 FTE positions	 9.0	 9.0	 0.0
Non FTE Uncl. Perm. Pos.	4.0	3.0	0.0
TOTAL	13.0	12.0	0.0

### Agency Request

The **agency** requests FY 2016 operating expenditures of \$1.2 million, all from special revenue funds, which is an increase of \$66,938, or 5.7 percent, above the FY 2015 revised estimate. The increase is primarily attributable to increases in building rent (\$7,500), professional fees for consulting, litigation, and programming services (\$21,000), the monumental building surcharge and programming services provided by OITS (\$9,700), and an enhancement request of \$116,351, all from the Real Estate Fee Fund and linked to a proposed \$25 fee increase, for an in-house counsel position and travel-related expenditures, which are partially offset by reductions in information technology consulting expenditures (\$32,500) and computer equipment expenditures (\$67,500) that were requested in FY 2015 to replace the agency's electronic records management system. The request includes funding for 9.0 FTE positions, which is the same number included in the agency's FY 2015 revised estimate.

**Absent the enhancement**, the agency requests FY 2016 operating expenditures of \$1.1 million, all from special revenue funds, which is a decrease of \$49,413, or 4.2 percent, below the FY 2015 revised estimate.

### Governor's Recommendation

The **Governor** recommends FY 2016 operating expenditures of \$1.1 million, all from special revenue funds. The recommendation is a decrease of \$122,988, or 10.0 percent, below

the agency's FY 2016 request. The decrease is attributable to the Governor not recommending the agency's enhancement request of \$116,351 linked to a proposed \$25 fee increase, as well as recommending a reduction of \$6,637 to reduce employer contributions for state employee health insurance. The Governor concurs with the agency's request for 9.0 FTE positions for FY 2016.

The Governor also recommends increasing the amount withheld from the agency's fee fund revenue from 10.0 percent or \$100,000, whichever is less, to 20.0 percent or \$200,000, whichever is less, and deposited in the State General Fund to reimburse the State for administrative services described under KSA 75-3170a. For this agency, that amount is estimated at \$100,000 for FY 2016.

### **Senate Subcommittee Recommendation**

The **Subcommittee** concurs with the Governor's recommendation with the following adjustment and notation:

1. Add language to prevent the agency from expending moneys approved for information technology expenditures for any other purpose.
2. The Subcommittee notes that SB 108 would increase the statutory limit on the agency's original and renewal license fees by \$50. The Subcommittee recommends the agency's enhancement request to fund an in-house counsel position (\$89,361) and travel-related expenditures (\$26,990) and the additional \$100,000 in fee fund revenue remitted to the State General Fund for administrative services that is included in the Governor's budget be reviewed at Omnibus after ascertaining whether SB 108 or similar legislation raising the agency's fee limits has been enacted.

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Expenditure Summary	Agency Request FY 2017	Governor Recommendation FY 2017	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	1,286,999	1,154,158	0
Subtotal	\$ 1,286,999	\$ 1,154,158	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
 TOTAL	 \$ 1,286,999	 \$ 1,154,158	 \$ 0
 FTE positions	 9.0	 9.0	 0.0
Non FTE Uncl. Perm. Pos.	4.0	3.0	0.0
TOTAL	13.0	12.0	0.0

### Agency Request

The **agency** requests FY 2017 operating expenditures of \$1.3 million, all from special revenue funds, which is an increase of \$52,810, or 4.3 percent, above the FY 2016 request. The increase is primarily attributable to an additional (27th) payroll period in FY 2017 and increases in KPERS employer contributions, travel expenditures, building rent, and the monumental building surcharge. The request includes an enhancement of \$126,071, all from the Real Estate Fee Fund, linked to a proposed \$25 fee increase. The enhancement includes \$93,436 to fund an in-house counsel position and \$32,635 for travel expenditures related to training and to resuming on-site brokerage audits. The request includes funding for 9.0 FTE positions, which is the same number included in the agency's FY 2016 request.

**Absent the enhancement**, the agency requests FY 2017 operating expenditures of \$1.2 million, all from special revenue funds, which is an increase of \$43,090, or 3.9 percent, above the FY 2016 request less enhancements.

### Governor's Recommendation

The **Governor** recommends FY 2017 operating expenditures of \$1.2 million, all from special revenue funds. The recommendation is a decrease of \$132,841, or 10.3 percent, below the agency's FY 2017 request. The decrease is attributable to the Governor not recommending the agency's enhancement request of \$126,071 linked to a proposed \$25 fee increase, as well

as recommending a reduction of \$6,770 to reduce employer contributions for state employee health insurance. The Governor concurs with the agency's request for 9.0 FTE positions for FY 2017.

The Governor also recommends increasing the amount withheld from the agency's fee fund revenue from 10.0 percent or \$100,000, whichever is less, to 20.0 percent or \$200,000, whichever is less, and deposited in the State General Fund to reimburse the State for administrative services described under KSA 75-3170a. For this agency, that amount is estimated at \$100,000 for FY 2017.

### **Senate Subcommittee Recommendation**

The **Subcommittee** concurs with the Governor's recommendation with the following adjustment and notation:

1. Add language to prevent the agency from expending moneys approved for information technology expenditures for any other purpose.
2. The Subcommittee notes that SB 108 would increase the statutory limit on the agency's original and renewal license fees by \$50. The Subcommittee recommends the agency's enhancement request to fund an in-house counsel position (\$93,436) and travel-related expenditures (\$32,635) and the additional \$100,000 in fee fund revenue remitted to the State General Fund for administrative services that is included in the Governor's budget be reviewed at Omnibus after ascertaining whether SB 108 or similar legislation raising the agency's fee limits has been enacted.