

**Testimony on SB 60
Senate Commerce Committee
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Kansas Real Estate Commission
February 14, 2019**

Good morning Chairwoman Lynn and members of the committee. On behalf of the Kansas Real Estate Commission, thank you for the opportunity to present testimony as a proponent of SB 60.

The Commission is composed of five members appointed by the Governor of which four members, one from each congressional district, are real estate licensees. The mission of the Kansas Real Estate Commission is to protect the public interest in the selling, buying and leasing of real estate and developing responsive policies and procedures which are customer service focused and minimize any burden on licensees.

Over the last four years, the Commission has researched and reviewed the Kansas Real Estate Brokers' and Salespersons' Act in order to address statutory language that Commission staff and licensees have determined needs updated. During that time the real estate industry has moved to doing most processes online. The Commission feels the license law must be updated to reflect changes in the industry. All the amendments proposed in SB 60 were vetted with industry or developed by task forces comprised of licensees to ensure they would have a positive impact on the industry while protecting the public interest in transacting real estate.

KREC Licensing Statutes Proposed Changes—Summary

- Change look back period for broker experience. A task force of Kansas licensed real estate brokers recommended reducing the timeframe for considering real estate transactions from five years to three years immediately preceding the date of a broker application. The requirement to have two years of experience during that timeframe would remain. This change is recommended to emphasize recent experience with real estate transactions. See Sect. 1 KSA 58-3039(d)(1). Pg. 2 Line 31.
- Enhance broker pre-license education requirements. See Sect. 4. KSA 58-3046a(b) and (d).
 - The current 24 hours of instruction requirement for a broker pre-license course would be increased to between 30 and 45 hours of instruction. The course would be renamed to the “Kansas real estate fundamentals course.” The increase in hours of instruction would be focused on increasing emphasis on brokerage relationships including conflicts of interest and required disclosures and fiduciary responsibilities. See Sect. 4. KSA 58-3046a(b). Pg. 7 Line 20.
 - Establish a new required course of instruction titled “Kansas real estate management course” that would be between 30 and 45 hours of instruction. By Kansas law, Brokers are responsible for supervising all affiliated licensees of their primary office. However, current requirements provide for a maximum of 24 hours of pre-license education. This change would require a new broker to have to take and pass an additional pre-license course focusing on management. The topics of the course would be focused on areas of the law where the Commission sees frequent compliance issues among brokers. Topics would include advertising requirements, managing teams and groups, systems for review of contracts and forms, and developing office policy and procedures for training of affiliated licensees. See Sect. 4. KSA 58-3046a(d). Pg. 7 Line 38.

Jurisdiction	Pre-License Education (Hours)	Experience Required
Kansas (current)	24	2 years (in 5 years prior to application)
Kansas (proposed)	60	2 years (in 3 years prior to application)
Arkansas	60	2 years (in 4 years prior to application)
Iowa	72	2 years (no look back provision)
Missouri	48	2 years (in 2.5 years prior to application)
Nebraska	120/180	2 years (no look back provision/no experience w/ 180 hr. option)
Oklahoma	90	2 years (in 5 years prior to application)
US Median	80	2 years (no info. on length before application)

Source—Association of Real Estate License Law Officials, 2018 Digest

- Repeal requirement that the Commission adopt regulations establishing alternative licensing criteria for broker applicants who live in a county with a population of less than 20,000. This requires the Commission to make licensing decisions based on local market considerations, which could setup a challenge from the FTC/DOJ. This exemption has not been used by an applicant in any records available to staff. See Sect. 1. KSA 58-3039(d)(2) Pg. 2 Line 33.
- Eliminate renewal date deadline. It creates confusion for licensees. The expiration date would be the only reference date. Eliminates late fee charged after renewal date. See Sect. 3 KSA 58-3045(b)(1). Pg. 6 Line 31.
- Increase the late fee for a license renewed after the expiration date but before the six-month grace period ends from \$50 to \$100. After six-month grace period licensee must reapply. See Sect. 3 KSA 58-3045(c)(2). Pg. 6 line 37.
- Technical changes
 - Clarify requirements for deactivation and reactivation of a license.
 - Revise statute related to primary office.
 - Delete fees that are no longer assessed through regulation.
 - Clarify election of Commission chair and vice chair occur at a set meeting every year instead of immediately after a new appointment and update language related to maintenance of property and agency seal.
 - Remove all references to temporary salesperson’s licenses.
 - Remove obsolete language related to the delayed effectiveness of the practice/law courses implemented in 2007.
 - Clarify fingerprint fees are deposited in the background investigation fee fund.
 - Change “filed” to “commission’s receipt of the application for a..... license” to avoid confusion over when the application is considered received by the Commission.
 - Change “received” to “completed” related to requirements for CE submission.
 - Clarify that the Commission can publish a list of approved courses more often than annually.
 - Revise language related to returning licenses to the commission for deactivation and license display requirements.

The Commission thanks you for the opportunity to provide comments on SB 60. The Commission requests the members of the Committee support these changes updating the real estate license law that enhance broker experience requirements and modernize the licensing requirements for the 21st century. I will stand for questions at the appropriate time.

1 and national criminal history record check. The fingerprints shall be used
 2 to identify the person and to determine whether the person has a record of
 3 criminal history in this state or other jurisdiction. The commission shall
 4 require the applicant to submit the fingerprints to the Kansas bureau of
 5 investigation and the federal bureau of investigation for a state and
 6 national criminal history record check *in the manner designated by the*
 7 *Kansas bureau of investigation*. The commission shall use the information
 8 obtained from fingerprinting and the criminal history for purposes of
 9 verifying the identification of the person and in the official determination
 10 of the qualifications and fitness of the person to be issued or to maintain a
 11 license.

12 (2) Local and state law enforcement officers and agencies shall assist
 13 the commission in taking and processing fingerprints of applicants for and
 14 holders of any license ~~and shall release all records of adult convictions to~~
 15 ~~the commission.~~

16 (3) The commission may fix and collect a fee in an amount necessary
 17 to reimburse the ~~board~~ *commission* for the cost of fingerprinting and the
 18 criminal history record check. Such fee shall be established by rule and
 19 regulation in accordance with K.S.A. 58-3063, and amendments thereto.
 20 Any moneys collected under this subsection shall be deposited in the state
 21 treasury and credited to the ~~real estate~~ *background investigation* fee fund.

22 (c) A license to engage in business as a broker or salesperson shall be
 23 granted only to a person who is 18 or more years of age and who has a
 24 high school diploma or its equivalent.

25 (d) In addition to the requirements of subsection (c), except as
 26 provided in subsection (e), each applicant for an original license as a
 27 broker shall have been:

28 (†) licensed as a salesperson in this state or as a salesperson or broker
 29 in another state, and shall have been actively engaged in any of the
 30 activities described in ~~subsection (f) of~~ K.S.A. 58-3035(f), and
 31 amendments thereto, for a period of at least two years during the ~~five~~ *three*
 32 years immediately preceding the date of the application for a license; ~~or~~.

33 (2) ~~if an applicant resides in a county that has a population of 20,000~~
 34 ~~or less, the commission may, upon a finding that such county suffers from~~
 35 ~~a shortage of brokers and upon compelling evidence of need, waive or~~
 36 ~~alter the requirements of this subsection. The commission shall adopt rules~~
 37 ~~and regulations to establish alternative licensing criteria for such~~
 38 ~~applicants~~ *The commission may adopt rules and regulations to implement*
 39 *the provisions of this subsection.*

40 (e) The commission may accept proof of experience in the real estate
 41 or a related business or a combination of such experience and education
 42 which the commission believes qualifies the applicant to act as a broker as
 43 being equivalent to all or part of the experience required by subsection (d).

Request
 from the
 KBI to
 match
 similar
 statutes.
 KBI is the
 only entity
 able to
 release this
 information.