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To: House Commerce, Labor and Economic Development Committee

From: Mark Tomb, VP of Governmental Affairs

Date: February 10, 2022

Re: Testimony in Support of HB 2526

The Kansas Association of REALTORS® have taken a lead role in working with stakeholders to advance a home inspector bill this legislative session. Stakeholders, including the state's main professional organizations for home inspectors as well as those representing the interests of engineers and architects, have produced a compromise that is now the contents of HB 2526. The bill would create the Kansas Home Inspectors Professional Competence and Financial Responsibility Act. A brief overview of the legislation:

- Re-establishes professional standards for this profession, standards that were allowed to sunset in 2013. A recent poll of registered Kansas Voters indicates that 87% favor requiring inspectors to register.
- Establishes minimum educational requirements and installs an ongoing commitment to continuing education.
- Creates a registry that will allow consumers to check if an inspector is meeting minimum requirements to perform home inspector services in Kansas.
- Establishes the Kansas Home Inspectors Advisory Council to review issues and serve as an advisory panel for education and testing requirements.
- Empowers the Attorney General to appoint council members and administer the law.
- Sets fees for different types of registrations.
- Requires meaningful liability and errors and omission insurance requirements as well as surety bond and other financial responsibilities.
- Allows engineers and architects that do home inspections to register but exempts those licensed professionals from the insurance and financial requirements under the law. In addition, any complaints or investigation involving an engineer or architect doing work as a home inspector would be conducted by the Kansas Board of Technical Professions.
- Establishes a sunset of July 1, 2028.

#### Previous Attempts At Legislative Solutions

Kansas does not currently license or regulate home inspectors after the Kansas Home Inspectors Professional Competence and Financial Responsibility Act expired on July 1, 2013. During the 2008 Legislative Session, the Kansas Legislature approved 2008 HB 2315, which established the Kansas Home Inspectors Professional Competence and Financial Responsibility Act. At that time, this

legislation was supported by consumer advocates, professional home inspectors and REALTORS® with the intent of creating a limited amount of regulation over the home inspection industry.

KAR testified at the time that the passage of this legislation was a major step forward in protecting consumers from receiving home inspection services from unqualified individuals and ensuring that the home inspection industry was regulated by the state in a manner that would protect consumers. At the time it was felt that the act represented a carefully-constructed compromise to protect consumers while at the same time not unduly harming the home inspection industry.

During the 2009 Legislative Session, the Kansas Legislature enacted legislation to make several substantive and technical changes to the act based upon feedback received from members of the home inspection industry. In order to ensure that these changes did not cause unintended consequences and to ensure that the changes were reviewed again by the Kansas Legislature after several years, the conference committee inserted a sunset clause into the statute (July 1, 2013).

During the 2013 Session, legislation was supported by KAR that would have removed the sunset. It was argued by KAR that the “due diligence” period required by the sunset clause has been satisfactorily completed and it was time to remove the sunset clause and permanently extend the provisions contained in the act. A majority of the Kansas Legislature agreed at the time and voted 36-3 in the Senate and 102-17 in the House to pass 2013 SB 37. Unfortunately, Governor Brownback vetoed the bill and a veto override was not attempted.

In 2019, KAR supported SB 168, which resurrected the previous statutory framework for licensure of home inspectors. SB 168 received a hearing in the Senate Commerce Committee in 2019 and an informational briefing in 2020. The Kansas Association of Real Estate Inspectors (KAREI) joined with KAR in supporting SB 168. However, there were other home inspectors and professional engineers that initially opposed the legislation. Leadership in the Senate and the Senate Commerce Committee requested that KAR work to reach a consensus with the opponents on legislation. After the hearing, KAR had productive discussions with all of the stakeholders, with some consensus landing on a registration requirement with the Kansas Attorney General, modeled after the roofer registration act. That compromise is at the foundation of this legislation.

Ongoing stakeholder discussions to improve the legislation have occurred since for several years. These discussions have included representatives from the Kansas Association of Real Estate Inspectors, Kansas Association of Residential and Commercial Inspectors, International Association of Certified Home Inspectors, Kansas Society of Professional Engineers and the American Institute of Architects in Kansas. While not every single member of these associations is going to support every aspect of this legislation, this is a true compromise that recognizes the need to provide meaningful protections for consumers.

### **Conclusion**

The Kansas Association of REALTORS® would urge members of the House Commerce, Labor and Economic Development Committee to support **HB 2526**, a bill that would establish standards for the home inspection industry while providing significant protections for consumers.