

February 22, 2021

The Honorable Robert Olsen, Chairperson
Senate Committee on Commerce
Statehouse, Room 236A-E
Topeka, Kansas 66612

Dear Senator Olsen:

SUBJECT: Fiscal Note for SB 219 by Senate Committee on Commerce

In accordance with KSA 75-3715a, the following fiscal note concerning SB 219 is respectfully submitted to your committee.

SB 219 would require that any individual or employee officer, owner or member of an association, corporation, limited liability company, limited liability partnership, partnership, professional corporation or trust that engages in a pattern of business of buying, selling, offering to buy or sell, marketing for sale, exchange or otherwise dealing in assignable contracts for the purchase or sale, or options on real estate or improvements on two or more occasions in any 12-month period to be licensed by the Kansas Real Estate Commission. The bill also authorizes the Kansas Real Estate Commission the authority to assess civil fines of up to \$1,000 per violation, issue cease and desist orders, and subpoena individuals transacting real estate without a real estate license.

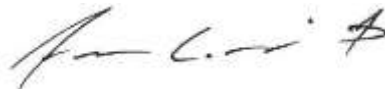
The Kansas Real Estate Commission indicates SB 219 has the potential to increase license fee revenues if additional individuals obtain a real estate license in order to comply with the provisions of this bill. However, the Commission does not know how many individuals would obtain a real estate license to make a precise estimate of the additional license fee revenues. It is unclear if individuals or entities that are currently involved in transacting real estate without a real estate license would get a real estate license or exit this market.

The Attorney General's Office indicates the bill has the potential to increase the workload of the civil attorney assigned as litigation counsel to the Kansas Real Estate Commission beginning in FY 2022. The Commission pays the Attorney General's Office a negotiated fee for those services, so if additional capacity is needed, the fee for those increased services would be negotiated with the Commission. The Attorney General's Office indicates that it is also possible

that the constitutionality of this legislation could be challenged. The case would likely need to go through the appellate process to get a definitive ruling on the validity of the law. Depending on which court system, federal or state, the case was filed in, getting to an appellate decision could take two to four years.

The bill has the potential for increasing litigation in the courts. If it does, the Office of Judicial Administration indicates that there would be a fiscal effect on the operations of the court system. However, it is not possible to estimate the number of additional court cases that would arise or how complex and time-consuming the cases would be. The fiscal effect would most likely be negligible and could be accommodated within the existing budget resources. Any fiscal effect associated with SB 219 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Erik Wisner, Real Estate Commission
Debbie Thomas, Judiciary
Willie Prescott, Office of the Attorney General