

Approved: Al Ramirez 2-24-93
Date

MINUTES OF THE SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Chairperson Al Ramirez at 1:30 p.m. on February 18, 1993 in Room 531-N of the Capitol.

All members were present except:

Committee staff present: Julian Efird, Legislative Research Department
Fred Carman, Revisor of Statutes
Jackie Breymeyer, Committee Secretary

Others attending: See attached list

Conferees appearing before the committee: Jean Duncan - Kansas Real Estate Commission

Chairman Ramirez called the meeting to order.

SB 271 - amending real estate brokers' and salespersons' license act

Jean Duncan, Kansas Real Estate Commission, gave a section-by-section overview of the bill. (Attachment 1) Questions were asked about fees. Ms. Duncan said that real estate licenses are declining.

Karen France, lobbyist, explained that there are not as many part-time people as there used to be. There has been about an 18% drop in the last four years. It is time consuming and a trend in the industry.

In reply to the rise in fees, one of the committee responded that they have to be 'bumped up' so that the agency isn't coming to the committee year after year needing more money.

Staff stated that the federal government and congress amended the higher education act in 1965 and in 1992 to put on fairly strict requirements for loan default rates and some of the Kansas Institutions that are currently eligible to provide guaranteed student loans fall above the threshold and may fall out of being eligible from this program. If the post-secondary schools would lose their federal loan eligibility, they would no longer be able to qualify under the wording of (g) sub(1) if they are declared ineligible to provide guaranteed student loans. Presently, most of the area vocational schools also qualify to give guaranteed student loans and many, but not all, proprietary school fall under the same federal act. There are definitions, such as accreditation, that could be referenced if the committee would want to talk in terms of educational institutions that are accredited by the North Central Association. This would include the community colleges, the two and four-year private institutions; it probably would not include some of the schools that don't give the real estate courses, but wouldn't risk losing those groups of schools that may have default rates that are too high. The area schools and proprietary schools are covered by being referenced in separate acts, but if the federal guaranteed loan program is referenced, there may be trouble because we don't know yet which schools will lose their eligibility. Staff suggested that the committee could reference schools that are accredited by the North Central Association of Schools and Colleges, which would capture the same group of institutions that provide the training, but not tie it to the federal legislation. That is the way it is with state scholarship program, we provide that state scholars may go to any accredited post-secondary institution.

The Chairman, seeing no other conferees on the bill, stated the bill would now be worked. Staff stated that conceptually, there are statutes that refer to educational institutions that are accredited by the North Central Association of Schools and colleges.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION, Room 531-N
Statehouse, at 1:30 p.m. on February 18, 1993.

Senator Feleciano moved to amend **SB 271** conceptually on page 7, (g) (1) with the language that staff will provide. Senator Reynolds gave a second to the motion. The motion carried.

Senator Reynolds recommended **SB 271** be passed favorably as amended. Senator Papay gave a second to the motion. The motion carried.

Senator Feleciano will carry the bill.

Discussion was held on **SB 268**. It was suggested to have a balloon prepared on the bill.

The Chairman asked the committee their feelings on **SB 127** and **SB 128**.

On **SB 127**, it was suggested to find another way of taking care of the situation without introduction of a bill. It might suffice to meet with the Secretary of Administration and see if there is another way to handle the situation. The Chairman stated a meeting would be set up and asked Senators Feleciano and Harris to be present at that time.

On **SB 128**, a problem with the words, "or other circumstances" was voiced. After discussion, it was decided to obtain more input and work the bill next week.

The meeting was adjourned.

The next meeting is scheduled for February 22, 1993.

Senate,

COMMITTEE:

DATE:

[illegible]

Senate Governmental Organization Committee
February 18, 1993
Senate Bill 271

Mr. Chairman and members of the committee:

My name is Gene Yockers, and I am the Director of the Kansas Real Estate Commission. Senate Bill 271 amends the real estate brokers' and salespersons' license act.

Section 1. Subsection (g) has been added to define commercial or investment real estate property. The definition is necessary because of a change in Section 5.

Section 2. The present law allows the commission to waive the pre-license and examination requirement for licensees of other states who have equivalent requirements and with which we have reciprocity agreements.

We do not have reciprocity agreements with Colorado and Texas, for example, because their pre-license education requirements are much higher than Kansas. This means that someone who has held a salesperson's license in Colorado for any number of years has to take a 30 hour principles of real estate course and pass our examination before they can obtain a Kansas license. Also, "reciprocity" applies only to nonresidents. Someone who was licensed in another state for many years and moves to Kansas cannot obtain a Kansas license without meeting the same requirements as someone who has never had a license.

The amendments allow the commission to waive the requirements if, in the judgment of the commission, the applicant met equivalent requirements in another state. The waiver applies only to pre-license requirements. Licensees must meet all other requirements of the act, including continuing education.

Section 3. The amendment provides for licensure of members of a limited liability company, which acts as a real estate brokerage business, in the same manner as that provided for corporations and partnerships.

Section 4. An understanding of the background for **subsection (f)** is important. In 1980, a post-education requirement was passed which provided that licensees would have to have 30 hours in December 1981; 30 more hours would be due the second renewal; and for brokers, 30 more hours on the third renewal. Any hours taken during the past seven years could be filed for credit. Licensees immediately began filing hours to take advantage of the seven-year period.

G. O. Comm.
Attachment 1
2/18/93

Before the first hours were due in December 1981, the law was declared unconstitutional. The 1982 Legislature passed a continuing education requirement (hours due every renewal period) as opposed to a post-license requirement. Licensees were allowed to file hours any time prior to January 1, 1983 and keep those hours as a pool. There was no limit placed on the number of hours, and many licensees filed hours far in excess of the maximum 90 that would ever have been required under the old law.

Now, ten years later, approximately 2,000 licensees still have pooled hours from which they can meet their "continuing" education requirement of 12 hours every two years.

The amendment provides that on July 1, 1993, the commission would remove any hours in excess of 12 hours. This would leave each affected licensee with 12 hours for the next two-year renewal. This would give the licensee two years before any additional education would have to be taken.

Subsection (g) provides that courses which receive approval of the commission must be offered by one of the entities listed:

- (1) an institution under the higher education act
- (2) an area vocational or vocational-technical school
- (3) a proprietary school
- (4) a state agency, or
- (5) a similar institution in another state

Subsection (i) provides for approval of nontraditional courses.

Section 5. The amendment gives the commission the authority to conduct and pay expenses for instructor development workshops.

Section 6. Agency agreements must be in writing. The amendment to paragraph (13) on page 10 permits verbal listings for commercial or investment property and for property owned by any agency of the federal government. Paragraphs (14), (15) and (16) eliminate agency disclosure requirements when a licensee handles a lease.

The amendments in paragraphs (3) and (28) are clean-up language.

Section 7. Changes in fees.

	<u>Current Statutory Maximum</u>	<u>Current Fee (by reg)</u>	<u>New Statutory Maximum</u>
Salesperson's application	\$15	\$15	\$25
Broker's application	15	15	50
*Salesperson's license	30	30	50
*Broker's license	50	50	75

*on annual basis

Current law provides for \$50 fee for new course approval; \$50 fee for new instructor approval; \$15 for renewed course approval, and \$15 for renewed instructor approval. The amendment increases the maximum fee for new course approval to \$75 and deletes fees for instructor approval.

Paragraph (14) provides that a licensee may submit a course for approval for a fee of \$10-\$20. This will be helpful to a licensee who takes a course which the school does not choose to submit for approval but which meets criteria for approval.