

February 7, 2012

The Honorable Pete Brungardt, Chairperson  
Senate Committee on Federal and State Affairs  
Statehouse, Room 136-E  
Topeka, Kansas 66612

Dear Senator Brungardt:

**SUBJECT:** Fiscal Note for SB 345 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 345 is respectfully submitted to your committee.

SB 345 would create the Kansas Management Company Registration Act which would provide a process for the registration and regulation of appraisal management companies in order to protect lenders, financial institutions, clients, consumers, and the public from economic and financial harm that could result from outside entities interfering with the independence, objectivity and impartiality of the real estate appraisal process. The bill would place the responsibility for registering and regulating these companies under the Kansas Real Estate Appraisal Board.

SB 345 establishes the requirements for an entity that owns or controls an appraisal management company, the appraisers employed by that company, an exemption for companies that are federally regulated, the registration period for the companies, and a maximum registration fee and fee for late filing. The bill also requires that appraisal management companies disclose to clients all fees paid and prohibits any form of interference with the development, reporting, results, or review of an appraisal. The bill would allow the Real Estate Appraisal Board to take actions against a company for any violation of the act and allows the costs of such an action to be assessed against the appraisal management company.

Estimated State Fiscal Effect				
	FY 2012 SGF	FY 2012 All Funds	FY 2013 SGF	FY 2013 All Funds
Revenue	--	--	--	\$112,500
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

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Page 2—345

The Real Estate Appraisal Board estimates that revenues from appraisal management company license fees would be approximately \$112,500 annually, beginning in FY 2013. The Board states that it can administer the program within existing resources. Any fiscal effect associated with SB 345 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", written in a cursive style.

Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Cheryl Magathan, Real Estate Appraisal Board