

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Chairperson Senator Lana Oleen at 11:10 a.m. on March 22, 2000 in Room 245-N of the Capitol and announced she would not be able to stay for the hearing.

All members were present.

Committee staff present: Mary Galligan, Legislative Research Department  
Russell Mills, Legislative Research Department  
Theresa Kiernan, Revisor of Statutes  
Judy Glasgow, Committee Secretary

Conferees appearing before the committee: Karen France, Kansas Assoc. of Realtors  
John McKenzie, President Ks. Assoc. of Realtors  
Ann Christian, Manhattan  
Tom Krattli, Overland Park

Others attending: See Attached Sheet

Senator Jones, Ranking Minority Member opened the hearing on

**SB 2687 – Kansas real estate salespersons’ and brokers’ license act**

Senator Jones noted the arrival of Vice-Chairperson Senator Harrington and she assumed the chair and recognized Karen France, a proponent, representing Kansas Association of Realtors. Ms. France gave a brief explanation of the bill, stating that there are two parts, the first dealing with inducement provisions of the license law and the second dealing with demands for after-the-fact referral fees. (Attachment 1) She stated that the real estate industry, in trying to meet the increased demand for consumer services has been offering an extra level of services. She stated that some of these services include pre-sale title search, pre-sale home inspection and homebuyer’s warranty. Ms. France stated that an Attorney General’s interpretation found that these would be in violation of Kansas law because these services do not require a real estate license. The second part addresses the after-the-fact referral fees which would prohibit licensees either from Kansas or other states from demanding a referral fee unless they have a reasonable cause to do so.

Vice-Chair Senator Harrington recognized John McKenzie, 2000 President Kansas Association of Realtors, a proponent on **SB 2687**. Mr. McKenzie stated that both of these issues are important to people in the real estate services and to their customers. Mr. McKenzie explained that this bill would allow different priced service packages to be offered to customers depending on the kind of services they desire. He stated that the sales commission charged would be dependent upon the service package selected.

Vice-Chair Senator Harrington recognized Ann Christian, Manhattan, Kansas, a licensed broker and owner of a real estate company, as a proponent to **HB 2687**. Ms. Christian cited a personal example that she had experienced in an after-the-fact referral fee which had affected both the sellers and herself. (Attachment 2). Ms. Christian replied to questions from the committee concerning how the fee for after-the fact referral fee was figured.

Vice-Chair Senator Harrington recognized Tom Krattli, J. C. Nichols Residential, a proponent to **HB 2687**. Mr. Krattli stated that the Attorney General’s interpretation of the inducement provisions is preventing the industry from providing products or services which would benefit the consumer. (Attachment 3). Mr. Krattli told the committee that identifying and rectifying problems before the contract is much easier than trying to do it at the time of signing the contract.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS, Room  
2245-N Statehouse, at 11:10 a.m. on March 22, 2000.

The Vice Chair noted that written testimony had been provided to committee members from Erik Sartorius, Johnson County Board of Realtors (Attachment 4) and Delores Dalke, Hillsboro (Attachment 5) as proponents of **HB 2687**.

Vice Chair Harrington closed the hearing on **HB 2687**.

The meeting adjourned at 11:50 a.m. The next meeting will be held March 23, 2000, 11:00 a.m.