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To: House Local Government Committee
From: Mark Tomb, VP of Governmental Affairs
Date: February 2, 2022

Re: Written Testimony in Opposition to HB 2518

On behalf of the Kansas Association of REALTORS® (KAR), thank you for the opportunity to provide testimony in opposition to HB 2518, legislation that makes changes to the state's assessment law but in doing so creates an alarming change to the security of real estate transactions.

The Kansas Association of REALTORS® represents over 11,000 members involved in residential, agricultural and commercial real estate and has advocated on behalf of the state's property owners for over 100 years. REALTORS® serve an important role in the state's economy and are dedicated to working with our elected officials to create better communities by supporting economic development, a high quality of life and providing affordable housing opportunities while protecting the rights of private property owners.

First, it should be said that KAR supports several provisions included in this legislation. Section 1 requires additional notice by local governments in the form of a first-class mailed notice to all property owners. This notice will go a long way in informing residents of the potential costs and benefits associated with certain government actions that utilize this type of financing. Solely relying on publication in a newspaper to provide notice is no longer a sufficient method to reach taxpayers, more is needed and having a mailed notice is a dramatic improvement for taxpayers.

Section 3(b) in this bill would invalidate a real estate contract for not disclosing a special assessment or if the property is located in an improvement district. Existing law already provides for the requirement to disclose a special assessment to any potential buyer, stating that "the seller of the property shall disclose to the buyer that the property is subject to such special assessment or fee or located in an improvement district." While not required currently to be in the contract, a worksheet and disclosure language that reflects this current requirement to disclose is already included in standard KAR real estate contracts.

Adding a provision that invalidates the transaction will cause considerable confusion and turmoil for buyers and sellers of real estate. There is no timeframe associated with this new requirement; what happens if the lack of disclosure was a result of an error or omission caused by someone other than the preparer of the real estate contract or the seller? What happens if an error is discovered years later? Including this provision causes numerous concerns and should be removed from the legislation if this bill moves forward.

Conclusion

The Kansas Association of REALTORS® would urge members of the House Local Government Committee to oppose HB 2518, in order to maintain stability and security in real estate transactions.