

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Steve Brunk at 9:25 A.M. on February 6, 2008 in Room 784 of the DSOB.

All members were present except:

Brenda Landwehr- excused
Broderick Henderson- excused
Candy Ruff- excused
Mike Kiegerl- excused
Ronnie Metsker- excused
Jill Quigley- excused

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department
Jill Wolters, Office of Revisor of Statutes
Rena Jefferies, Office of Revisor of Statutes
Stephen Bainum, Committee Assistant

Conferees appearing before the committee:

Luke Bell, Kansas Association of Realtors
Ron Hein, Kansas Association of Real Estate Inspectors
Jeff Barnes, President, Kansas Association of Real Estate Inspectors
Callie Hartle, Kansas Association for Justice
Stacey Van Houtan, Home Inspector
Dan Bowers, Home Inspector

Others attending: See attached list.

The chairman called for any bill introductions. Kathleen Outlaw representing the Kansas State Nurses Association and on behalf of the Kansas Coalition for Workplace Safety introduced two bills. The first addresses the crisis in regard to the Workers Compensation system that was caused by the recent Kansas Supreme Court decision in *Casco v Armorswift- Eskrich* on bilateral injuries and the second was about Workers Compensation Benefits. They were received without objection.

Representative Grange introduced a bill on Electrical Licensing Requirements. It was also received without objection.

The chairman opened the hearing on **HB 2315, Home inspectors Competency and financial responsibility**. He called for testimony from proponents of the bill.

Luke Bell presented his testimony and stressed the changes that have been made to the bill since 2007 (**Attachment 1**). He said that 32 states have passed similar legislation but Kansas has no regulations for Home Inspectors. The Kansas Association of Realtors believes that the home inspectors need to have some regulation. The seller and the buyer are not usually property inspection experts. They rely on an independent third party inspector to protect them. If the inspector is not qualified it causes problems in the transaction. Many inspector contracts limit liability to the cost of the inspection. If the damage is more than that the inspector denies responsibility.

Representative Grant asked if the inspectors are allowed to work statewide. Luke said that it would be a statewide license.

Representative Tietze asked where the 80 hours of classroom training would be available. Luke indicated that there are several approved schools in the state. He mentioned Leavenworth as one source.

Representative Huntington asked about the many new homes being built in Greensburg and Coffeerville. Should home inspections be a requirement in home buying transactions? Luke said that they looked at this at the Federal level to require home inspections. The concern is that there may not be enough home inspectors to meet the demand if home inspections are required. Currently 70 to 80% of new home buyers have an inspection done. We are concerned that the home inspectors have the competence to back up their

CONTINUATION SHEET

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inspections.

Representative Grange asked what proof do we have that consumers are being harmed by these home inspections? Luke mentioned anecdotal evidence and suggested that the trial lawyers testimony could supply more evidence. How many problems do we have in Kansas? Luke said that they know about the problems because the Real Estate Commission tracks the information. One problem is that the home buyer has no one to complain to except the Attorney General's office.

Ron Hein appeared to make sure that everyone was aware of the Balloon Amendments that had been made by the Revisor's Office since the bill was heard in the 2007 Legislative Session (Attachment 2).

Jeff Barnes presented Balloon Amendments proposed by the Kansas Association of Real Estate Inspectors (Attachment 3). The majority of the Balloon Amendments are related to the dates in the bill. The other Amendment was the striking on page 4 of the requirement for having a board member from each congressional district in the state of Kansas.

Representative Pauls asked if western Kansas was being left out by striking the requirement about congressional districts. Jeff said that they were concerned about having qualified inspectors in western Kansas. The purpose was to not bind the governor to have one in each congressional district.

Representative Grange said that he did not find a definition of non-invasive in the bill. What does it mean? Jeff said it refers to dismantling, opening up walls or other covers that are not normally removed by an inspector.

Ron Gaches appeared to thank the committee for working and modifying the bill.

The Chairman then called for testimony from those who are neutral on the bill.

Callie Hartle said that they are no longer opposed to the bill as they had been in the 2007 session because of the changes that have been made to the bill. She recommended that the committee require the disclosure of the \$10,000 cap to consumers, allowing inspectors to offer more liability than \$10,000 and change the statute of limitations to two years (Attachment 4).

Then those who are opposed to the Bill appeared to testify.

Stacey Van Houtan gave verbal testimony only to the effect that there was no demonstrated need for the legislation. He claimed that the consumer did have recourse through the courts.

Representative Grant indicated that Callie's testimony did indicate need.

Dan Bowers appeared as an opponent of the bill. He said that home inspectors who find multiple problems are not appreciated by the sales people because they slow down the process of selling the house. Many times parts are old and they wear out without any advance notice.

Representative Grant asked how many inspections he did. Dan indicated that he did about 250 per year.

John Lyle appreciated the exemption in the bill for professional engineers. He said that he would align himself with this law even tho he is not bound by it. He said that the bill would raise the cost of home inspections. He said that the one year liability should be the maximum for home inspectors since home builders only give a one year warranty on a brand new house.

There being no more testimony the chairman closed the hearing on **HB 2315** and adjourned the committee at 10:45 AM. The next meeting is scheduled for February 7, 2008.