

Written Testimony on HB 2506
House Commerce, Labor and Economic Development
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Kansas Real Estate Commission
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Chairman Tarwater and members of the committee. On behalf of the Kansas Real Estate Commission, thank you for the opportunity to present neutral testimony on HB 2506.

The Commission is composed of five members appointed by the Governor of which four members, one from each congressional district, are real estate licensees. The mission of the Kansas Real Estate Commission is to protect the public interest in the selling, buying and leasing of real estate and developing responsive policies and procedures which are customer service focused and minimize any burden on licensees.

The Commission issues two types of licenses. A salesperson's license is the entry level license issued to individuals who have submitted a complete application including the required prelicense education, passage of the prelicense examination and successful completion of a background check that does not contain criminal convictions that would disqualify them from licensure as determined by the Commission. A broker's license is issued using the same criteria as the salesperson's license with the additional requirement, pursuant to K.S.A. 58-3039, that requires the applicant have been licensed and actively engaged in activities requiring a license for a period of at least two years during the three years immediately preceding the date of the application for a license. The Commission may accept proof of experience in the real estate or a related business or a combination of such experience and education which the commission believes qualifies the applicant to act as a broker. The higher standard for a broker's license is necessary because this license type is required to supervise a real estate office and affiliated licensees in the state of Kansas.

Below are specific provisions of the bill that could be problematic with respect to the Commission's statutory responsibility to grant licenses to individuals who are competent to transact real estate.

- Subsection (c)(2)(A) says the applicant shall receive a license if the Commission determines the licensure requirements in the state where the applicant is licensed are *substantially* equivalent to the those of the Commission. Since the term "substantially" is not defined the Commission would want to know if the experience requirements contained in statute would qualify as substantially equivalent? Would an applicant in another state who has a broker's license but does not have any real estate transaction experience be considered to have substantially equivalent experience to what is required in Kansas?
- Subsection (h) says that if the Commission determines the license held by the applicant is not substantially equivalent to those issued by the Commission, the Commission shall issue a temporary permit for a limited period of time to allow the applicant to lawfully act as a broker while completing any specific requirements required in Kansas, that was not required in the state in which the applicant was licensed, unless the licensing body determines, based on specific grounds, that issuing a temporary permit would jeopardize the safety of the public. Does issuing a broker's license to an individual who has a broker's license in another state, but who lacks the transactions to obtain a Kansas broker's license, jeopardize public safety?

- Subsection (h) states that any determination by the Commission that the license held by the applicant is not substantially equivalent shall be based on specific grounds. All determinations by the Commission shall set forth the facts considered, and the reasoning applied with respect to every specified ground of the determination and shall be provided to the applicant in writing within 10 business days of the date of application. Depending on the necessary format to state the facts, reasoning and grounds for denying a license based on experience, it could create a significant expense for the Commission to issue that determination within 10 business days. The Commission reviews license applications that lack experience approximately once a month. This provision would require the Commission to meet 40 additional times per year. The fiscal impact to the Commission's budget would be significant.

The Commission supports common sense licensing standards for individuals transacting real estate in Kansas. However, the bill creates several scenarios that potentially affect the ability to fulfill our mission to protect the public interest in transacting real estate and comply with the statutory experience requirements to obtain a broker's license. **Specifically, the Commission would request revising or removing subsection (h) from the bill to avoid the issues identified in the testimony.** The Commission thanks you for the opportunity to provide comments on HB 2506.