

Approved: 3/1/07
Date

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Steve Brunk at 9:07 A.M. on February 09, 2007 in Room 231-N of the Capitol.

All members were present except:
Brenda Landwehr- excused

Committee staff present:
Jerry Ann Donaldson, Kansas Legislative Research Department
Dustin Slinkard, Office of Revisor of Statutes
Stephen Bainum, Committee Assistant

Conferees appearing before the committee:

Jeff Barnes
Kerry Parham
Shane Pouch
Hal Hudson
Luke Bell
Dan Bowers
Stacy Van Houtan
Michael Greenwalt
Patricia Peters
Callie Hartle
John Lyle

Others attending:
See attached list.

The Chairman mentioned two bills that were being withdrawn as committee bills but would continue as individual bills. One was the Taxpayers Transparency Website Bill and the other was the Homeowners Association Bill.

The Chairman appointed two members, Representative Grange and Representative Ruiz, to work out the language on the Contractor Education bill.

The Chairman opened the hearing on **HB 2315 Home inspectors competency and financial responsibility**. He asked everyone to hold their questions until all the proponents had presented their testimony.

Jeff Barnes, Kansas Association of Real Estate Inspectors Ltd. testified as a proponent of **HB 2315 (Attachment 1)**.

Kerry Parham, President, Midwest Pro-ASHI Chapter testified as a proponent of **HB 2315 (Attachment 2)**.

Shane Pouch, Owner, Outlook Inspection Services, Inc., Olathe, KS appeared in support of **HB 2315 (Attachment 3)**.

Hal Hudson, Executive Director, Kansas Pest Control Association testified as a proponent of **HB 2315 (Attachment 4)**.

Luke Bell, Kansas Association of Realtors, testified as a proponent of **HB 2315 (Attachment 5)**.

Representative Tietze asked if the home inspectors would not be able to get insurance for errors and omissions. The answer was that many companies offer such insurance. The premium would be high for someone just starting out. Companies have shown interest in providing a bond procedure for start up companies.

Representative Grant asked what the usual price was for a home inspection. Everyone inspector is an independent contractor and sets their own price.

CONTINUATION SHEET

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Representative Huntington asked regarding page 1, line 34 who is in charge? Local communities set their own codes. Who is responsible outside the metropolitan area? There are usually code enforcement people involved but they only look at the plans. They do not have the resources to do inspections to enforce the code.

Representative Goico asked what is the test for a home inspector. Each organization sets its own standard. We are suggesting that all inspectors take a proctored exam, meaning someone knows who you are. Do they change? It is a national standard test with rotating questions so that they change on each test. Is the \$1000.00 limit considered punitive damages? No, it is for the protection of the home owner and it is based on the history of claims. Most claims are small, from \$100.00 to 150.00.

Representative Pauls mentioned that the bill excluded architects but not professional engineers. Is there a problem with engineers doing home inspections? Historically we have not had a problem with architects go into existing homes and doing an inspection whereas we do have engineers doing inspections. What is the range of costs for a home inspection? \$100.00 to \$275.00. Why are we setting up a new board? The real estate industry felt that it was important to set up a board specifically governed by the Home Inspection industry. How is the new board to be funded when it first starts up? Individual inspectors will have to bear the burden of starting the board up. There is a cap of \$200.00 on registration but no cap on other fees. The reason was to allow the board the discretion to pay for the cost on instituting the association.

Representative Grange asked where the board will sit and who will pay for it. Is there a fiscal note on it? The board can set anywhere they choose and the expenses will be paid by the members. There should be no state expenses involved with it. The expenses paid for mileage, etc. is based on what other boards have done. No expenses would be paid until the funds come in.

The Chairman opened the hearing to the opponents of the bill.

Dan Bowers CRI, CMI, testified in opposition to **HB 2315** (Attachment 6).

Stacey Van Houtan, President of the Local NAHI testified as an opponent of **HB 2315** (Attachment 7).

Michael Greewalt, a member of the National Association of Home Inspectors testified in opposition to **HB 2315** (Attachment 8).

Callie Hartle, of the Kansas Trial Lawyers Association testified as an opponent of **HB 2315** (Attachment 9).

The Chairman advised the committee that he would open the meeting to those registered as neutral and then hear questions.

John Lyle, P.E., Vice-President of Professional Engineering Inspections, Inc. testified as neutral on **HB 2315** (Attachment 10).

Representative Ruff asked John Lyle if he could pass the test for home inspectors. He replied that he certainly thought so.

There were no more questions.

The Chairman advised that he would not close the hearing since there were others who wanted to testify. The hearing would be heard at a later time and we will give everyone from out of town an opportunity to testify.

The Chairman adjourned the meeting at 10:45 A.M.