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GOVERNOR JEFF COLYER, M.D.
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

March 5, 2018

The Honorable Julia Lynn, Chairperson
Senate Committee on Commerce
Statehouse, Room 445-S
Topeka, Kansas 66612

Dear Senator Lynn:

SUBJECT: Fiscal Note for SB 435 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 435 is respectfully submitted to your committee.

SB 435 would amend the Kansas Real Estate Brokers' and Salespersons' License Act to provide a definition of a rebate. The bill defines "rebate" as the return of all or part of any purchase price of real estate, whether by cash or cash equivalent, that is promised or agreed to by a licensee and a client or customer before closing and is contingent on the transaction closing. A rebate would also include the return of all or part of any commission or compensation paid to a licensee in any transaction that has as its purpose the purchase of real estate at a price different from the price specified in the closing statement. A cash equivalent rebate would include gift cards, prepaid credit cards, and any other item with a value equal to a specific amount of money that can be used in the same manner as cash. The bill would allow a real estate licensee to accept, give, or charge any rebate as long as the rebate is disclosed. The bill would allow a real estate licensee to pay a referral fee to a person licensed in Kansas or another jurisdiction knowing that referral fee will result in the payment of a rebate by the Kansas or out-of-state licensee as long as these actions are disclosed.

The Kansas Real Estate Commission indicates SB 435 has the potential to increase administrative costs and staff time to examine additional documentation in real estate transactions to determine if a rebate was included in disclosure statements. The Commission does not have information on the amount of additional documentation that would be required to be reviewed as part of a compliance review or the amount of real estate licensees that would now accept, give, or

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charge a rebate as result of this bill. Therefore, the Commission is unable to calculate the amount of additional administrative costs that would result from the enactment of SB 435.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Campbell". The signature is fluid and cursive, with the first name "L." and the last name "Campbell" clearly visible.

Larry L. Campbell
Chief Budget Officer

cc: Erik Wisner, Real Estate Commission