

February 4, 2015

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

Dear Senator Lynn:

**SUBJECT:** Fiscal Note for SB 108 by Senate Committee on Commerce

In accordance with KSA 75-3715a, the following fiscal note concerning SB 108 is respectfully submitted to your committee.

SB 108 would increase the statutory cap for the prorated monthly fee for issuance of an original real estate salesperson's license and the two-year renewal fee by \$50 from \$100 to \$150. The statutory maximum for the prorated monthly fee for issuance of an original real estate broker's license and the two-year renewal fee would increase by \$50 from \$150 to \$200.

Estimated State Fiscal Effect				
	FY 2015 SGF	FY 2015 All Funds	FY 2016 SGF	FY 2016 All Funds
Revenue	--	--	--	\$168,853
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

The Kansas Real Estate Commission estimates that SB 108 would increase revenues to the Real Estate Fee Fund by \$168,853 in FY 2016 and \$154,028 in FY 2017. The Commission estimates that if the fees were increased by \$50 for the original license and renewal fees for both salesperson and brokers, the fees would generate approximately \$337,706 for FY 2016. However, the Commission intends to increase these fees by only \$25 which would generate \$168,853 in FY 2016. To formulate these estimates, the Commission indicates that there will be 1,200 new salesperson licenses, 4,925 renewal salesperson licenses, 102 new broker licenses, and 1,905 renewal broker licenses in FY 2016. The Commission indicates that licenses are renewed on a staggered basis, depending on the licensee's last name. The estimate assumes that fees paid by new licensees will be pro-rated based on the length of time until they are required to

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be renewed. The number of licensees who renew in even-numbered fiscal years is typically greater than those who renew in odd-numbered fiscal years. The Commission indicates that the continuation of the \$25 fee increase in FY 2017 for both salesperson and brokers would generate \$154,028 in fee revenue.

The Commission indicates the fee increase would allow the agency to maintain an adequate fee fund balance. Any expenditure increases for the agency would be required to be included in an appropriation bill. The agency indicates that if it received the authority to increase fees, then it would request additional expenditure authority of \$116,351 in FY 2016 and \$126,071 in FY 2017. The agency indicates that the additional expenditure authority would allow it to maintain its current level of services without having to eliminate or reduce essential programs, such as substantially reducing or eliminating its onsite audits and enforcement actions. Any fiscal effect associated with SB 108 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,  
Director of the Budget

cc: Kelly White, Real Estate Commission