

February 5, 2013

The Honorable Marvin Kleeb, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 286-N
Topeka, Kansas 66612

Dear Representative Kleeb:

SUBJECT: Fiscal Note for HB 2125 by House Committee on General Government
Budget

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2125 is respectfully submitted to your committee.

HB 2125 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 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	--	\$240,290
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

The Kansas Real Estate Commission estimates that HB 2125 would increase revenues to the Real Estate Fee Fund by \$240,290 in FY 2014. 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 \$335,700 for FY 2014. However, the Commission intends to increase these fees by only \$35 which would generate \$240,290. To formulate these estimates, the Commission indicates that there will be 730 new salesperson licenses, 4,554 renewal salesperson licenses, 78 new broker licenses, and 1,940 renewal broker licenses in FY 2014. 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 be renewed. The number of licensees who

The Honorable Marvin Kleebl, Chairperson

February 5, 2013

Page 2—HB 2125

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 \$35 fee increase in FY 2015 for both salesperson and brokers would generate \$233,100 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 \$64,462 in FY 2013, \$148,658 in FY 2014, and \$177,360 in FY 2015. 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 HB 2125 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Sherry Diel, Real Estate Commission