

# STATE OF KANSAS

**Proposed**

KANSAS REAL ESTATE COMMISSION  
JAYHAWK TOWER  
700 SW JACKSON STREET, SUITE 404  
TOPEKA, KS 66603-3785



GOVERNOR JEFF COLYER, M.D.  
ERIK WISNER, EXECUTIVE DIRECTOR

PHONE: (785) 296-3411  
FAX: (785) 296-1771  
[www.krec.ks.gov](http://www.krec.ks.gov)  
[krec@ks.gov](mailto:krec@ks.gov)

## **State of Kansas** **Kansas Real Estate Commission** **Notice of Public Hearing on Proposed Administrative Regulations**

September 4, 2018

A public hearing will be conducted on Monday, November 19, 2018 at 9:00 a.m. at the Kansas Real Estate Commission, 700 SW Jackson, Suite 404, Topeka, KS 66603 to consider the adoption of proposed regulations of the Kansas Real Estate Commission, on a permanent basis.

This 60-day notice of the public hearing shall constitute a public comment period for receiving written public comments on the proposed regulations. All interested parties may submit written comments prior to the hearing to the Kansas Real Estate Commission, 700 SW Jackson, Suite 404, Topeka, KS 66603 or by email to [erik.wisner@ks.gov](mailto:erik.wisner@ks.gov). All interested parties will be given a reasonable opportunity to present their views orally regarding the adoption of the proposed regulations during the public hearing. In order to provide all parties an opportunity to present their views, it may be necessary to request each participant limit any oral presentation to five minutes.

Any individual with a disability may request an accommodation in order to participate in the public hearing and may request the proposed regulations and economic impact statements in an accessible format. Requests for accommodation to participate in the hearing should be made at least five working days in advance of the hearing by contacting Erik Wisner at (785) 296-3411.

Summaries of the proposed regulations and their economic impact follow. Copies of the proposed regulations and the Economic Impact Statement for the proposed regulations can be viewed at the following website: <http://www.krec.ks.gov>

K.A.R. 86-1-3 adopts revisions to the expiration date for new licenses issued after January 1, 2019. The proposed change would set the license expiration date as the first day of the month of issuance two years after the issuance date. If a salesperson licensee is granted a broker's license they would have a new expiration date based on the same calculation method. Any license issued prior to the effective date of the change would keep the same expiration date they currently have unless they change their license type or let their license lapse and must apply for a new license. The current method for calculating the license expiration date based on the first letter of the licensees last name was confusing to licensees because they would have to prorate their license fee during their initial renewal period or change their expiration date if the first letter of their last name changed. The changes proposed in this regulation will have no economic impact.

**RECEIVED**

**SEP 05 2018**

**KRIS W. KOBACH**  
**SECRETARY OF STATE**

K.A.R. 86-1-5 adopts revisions to the fees required for submission of a broker application and opening a primary or branch office for a company. The fee for submission of a broker application is proposed to increase from \$15 to \$50. The fee to open a primary or branch office is proposed to increase from \$25 to \$100. Both fee increases are proposed to more accurately reflect the administrative costs in reviewing broker applications and conducting compliance reviews on new offices. The revisions also eliminate language related to prorated fees since the new expiration date calculation established in K.A.R. 86-1-3 will make the calculation of a prorated fee obsolete. It is estimated the Commission will collect \$14,050 in additional fee revenue annually. The Commission has done an analysis of our direct regulatory cost over the past two years and have reduced or eliminated numerous fees. These include fees for name and address changes, duplicate licenses, certification license history and adding additional company affiliations. The Commission has also eliminated the convenience fee charged to licensees for submitting fee payments via our online licensing portal. Eliminating these fees has reduced the burden on licensees by \$55,000 annually which far exceeds the fee increase requested in the proposed change.

K.A.R. 86-1-15 is proposed for repeal because it refers to reporting a name change for licensing purposes which is no longer necessary pursuant to changes being proposed in K.A.R. 86-1-3. The requirement for reporting a name change for compliance purposes is covered in K.A.R. 86-3-15. Revoking this regulation will have no economic impact.

K.A.R. 86-1-19 modifies requirements for submitting supporting documents with a license application. The proposed changes would remove the requirement to report pending litigation. The requirement to report final court judgment or settlement would remain. The proposed changes would also remove the requirement that individuals must include documentation related to all criminal offenses. It gives the option for the commission to only require documentation for certain criminal charges and convictions. The proposed changes would also clarify that all misdemeanor charges and convictions would need to be reported to the commission. There are also technical changes that update language related to nonresident applications and requirements for renewal applications redundant with K.A.R. 86-3-15. Individuals applying for a license should see a decrease in their administrative burden due to a reduction in reporting requirements for pending litigation and certain criminal charges. The changes proposed in this regulation will have no economic impact.

K.A.R. 86-3-15 modifies requirements for current licensees to submit documentation to the commission. The proposed changes would remove the requirement to report pending litigation. The requirement to report final court judgment or settlement would remain. The proposed changes would remove the requirement that individuals must include documentation related to all criminal offenses. The proposed changes would clarify that all misdemeanor charges and convictions would need to be reported to the commission. In addition, any felony or misdemeanor charge or conviction would also need to be reported to the licensee's responsible broker within 10 days of occurrence. The regulation also requires a licensee to report any changes to the licensee's email address on file with the commission. Licensees should see a decrease in their administrative burden due to a reduction in reporting requirements for pending litigation and certain criminal charges. The changes proposed in this regulation will have no economic impact.

RECEIVED

SEP 05 2018

KRIS W. KOBACH  
SECRETARY OF STATE

**Proposed**

JUN 28 2018

86-1-3. Expiration of licenses. ~~(a) Except for a temporary salesperson's license, the expiration~~ <sup>DEPT. OF ADMINISTRATION</sup>  
~~date of each license shall be determined by the first letter of the licensee's last name, as~~  
~~established in the following chart:~~

First letter of last name:	Expiration Date:
(1) "B"	December 31 of each even-numbered year
(2) "C"	February 28 of each odd-numbered year
(3) "D" and "E"	April 30 of each odd-numbered year
(4) "F" and "G"	June 30 of each odd-numbered year
(5) "H"	August 31 of each odd-numbered year
(6) "I," "J," "K" and "L"	October 31 of each odd-numbered year
(7) "M"	December 31 of each odd-numbered year
(8) "N," "O" and "P"	February 28 of each even-numbered year
(9) "Q" and "R"	April 30 of each even-numbered year
(10) "S"	June 30 of each even-numbered year
(11) "T," "U" and "V"	August 31 of each even-numbered year
(12) "W," "X," "Y," "Z" and "A"	October 31 of each even-numbered year

**RECEIVED**

SEP 05 2018

KRIS W. KOBACH  
SECRETARY OF STATE

The expiration date for each original license issued by the commission shall be the first day of the month of issuance two years after the issuance date. Each license renewed by the commission shall expire two years after the expiration date of the preceding license.

(b) This regulation shall ~~take effect~~ be effective on and after ~~October 1, 1997~~ January 1, 2019. (Authorized by K.S.A. 1996 2017 Supp. 74-4202(b), as amended by 1997 H.B. 2264, Sec. 46; implementing K.S.A. 2017 Supp. 58-3045(a), as amended by 1997 H.B. 2264, Sec. 7; effective Jan. 1, 1966; amended, E-73-30, Sept. 28, 1973; amended Jan. 1, 1974; amended, E-81-18, July 16, 1980; amended May 1, 1981; amended, T-87-32, Nov. 19, 1986; amended May 1, 1987; amended 86-10-1-97, Oct. 1, 1997; amended Oct. 24, 1997; amended P-\_\_\_\_\_.)

**APPROVED**

APPROVED

**AUG 31 2018**

JUN 27 2018

**ATTORNEY GENERAL**

Division of the Budget



Proposed

86-1-5. Fees. (a) Each applicant shall pay a fee in an amount equal to the actual cost of the examination and the administration of the examination to the testing service designated by the commission.

(b) Each applicant shall submit the following fees for licensure to the commission:

(1) For submission of an application for an original salesperson's ~~or broker's~~ license, a fee of \$15;

(2) for submission of an application for an original broker's license, a fee of \$50;

(3) for an original salesperson's license, a prorated fee based on a two-year amount of \$125;

~~(3)~~ (4) for an original broker's license, a prorated fee based on a two-year amount of \$175;

(4) (5) for renewal of a salesperson's license, a two-year fee of \$125;

~~(5)~~ (6) for renewal of a broker's license, a two-year fee of \$175;

~~(6)~~ (7) for reinstatement of a license that has been deactivated or that has been canceled pursuant to K.S.A. 58-3047(c), and amendments thereto, a fee of \$15;

~~(7)~~ (8) for each branch office, a fee of \$25 \$100; and

~~(8)~~ (9) for each primary office of a company created or established by a supervising broker, a fee of \$25 \$100.

(c)(1) Each applicant shall meet one of the following requirements:

(A) Submit a paper fingerprint card to the commission and pay a fee of \$60 to the commission; or

(B) submit electronic fingerprints to the Kansas bureau of investigation (KBI) or through a KBI-approved vendor and pay the cost for that service.

RECEIVED

SEP 05 2018

KRIS W. KOBACH  
SECRETARY OF STATE

APPROVED

AUG 31 2018

ATTORNEY GENERAL

APPROVED

JUN 28 2018

DEPT. OF ADMINISTRATION

APPROVED

JUN 27 2018

Division of the Budget

(2) Each licensee who is submitting fingerprints in connection with an investigation of that licensee shall pay a fee of \$60 for the cost of submission of the licensee's fingerprints to the KBI for the purpose of obtaining a criminal history check conducted by the KBI and the federal bureau of investigation and for the commission's reasonable costs of administering the criminal history check program in connection with any investigation.

~~(d)(1)(A)~~ For each original salesperson's license, the applicant shall pay a prorated fee that is calculated by multiplying \$5.00 by the number of months that remain in the applicant's two-year license cycle.

~~(B)~~ For each original broker's license, the applicant shall pay a prorated fee that is calculated by multiplying \$7.00 by the number of months that remain in the applicant's two-year license cycle.

~~(2)~~ The number of months that remain in the applicant's two-year license cycle shall be determined beginning with the month following the date on which the applicant's application is received by the commission through the applicable expiration month, as specified in K.A.R. 86-1-3.

~~(e)~~ (d) Each course provider seeking course approval pursuant to K.S.A. 58-3046a, and amendments thereto, shall pay a fee of \$75 to the commission.

~~(f)~~ (e) Each licensee seeking approval of a course of instruction pursuant to K.S.A. 58-3046a(k), and amendments thereto, shall pay a fee of \$10 to the commission. (Authorized by K.S.A. 2015 2017 Supp. 58-3063; implementing K.S.A. 2015 2017 Supp. 58-3039 and 58-3063; effective Jan 1, 1966; amended, E-73-30, Sept. 28, 1973; amended Jan. 1, 1974; amended, E-74-50, Sept. 13, 1974; amended May 1, 1975; amended, E-81-18, July 16, 1980; amended May 1, 1981; amended May 1, 1982; amended May 1, 1983; amended, T-86-10, May 1, 1985; amended

**RECEIVED**

SEP 05 2018

KRIS W. KOBACH  
SECRETARY OF STATE

**APPROVED**

**AUG 31 2018**

**ATTORNEY GENERAL**

**APPROVED**

**JUN 28 2018**

**DEPT. OF ADMINISTRATION**

**APPROVED**

**JUN 27 2018**

Division of the Budget

**Proposed**

K.A.R. 86-1-5

Page 3

May 1, 1986; amended, T-87-32, Nov. 19, 1986; amended May 1, 1987; amended Sept. 26,  
1988; amended July 31, 1991; amended Dec. 20, 1993; amended July 31, 1996; amended, T-86-  
10-1-97, Oct. 1, 1997; amended Oct. 24, 1997; amended March 13, 1998; amended, T-86-7-2-  
07, July 2, 2007; amended Nov. 16, 2007; amended Dec. 1, 2015; amended March 17, 2017;  
amended P-\_\_\_\_\_.)

**APPROVED**

**AUG 31 2018**

**ATTORNEY GENERAL**

**APPROVED**

**JUN 28 2018**

**DEPT. OF ADMINISTRATION**

**APPROVED**

**JUN 27 2018**

Division of the Budget

**RECEIVED**

**SEP 05 2018**

**KRIS W. KOBACH  
SECRETARY OF STATE**

**Proposed**

86-1-15. (Authorized by K.S.A. 74-4202(b); implementing K.S.A. 58-3045, as amended by L. 2007, ch. 88, sec. 7 and K.S.A. 2006 Supp. 58-3046a, as amended by L. 2007, ch. 88, sec. 6; effective, T-87-32, Nov. 19, 1986; effective May 1, 1987; amended Nov. 17, 1995; amended, T-86-7-2-07, July 2, 2007; amended Nov. 16, 2007; revoked P-\_\_\_\_\_.)



**APPROVED**  
**AUG 31 2018**  
**ATTORNEY GENERAL**

**APPROVED**  
**JUN 28 2018**  
**DEPT. OF ADMINISTRATION**

**APPROVED**  
**JUN 27 2018**  
**Division of the Budget**



Proposed

86-1-19. Submission of supporting documentation with application. (a) In addition to submitting the application for original licensure as a real estate broker or salesperson, each applicant shall file the following with the commission:

(1) (a) The applicant's fingerprints and a completed waiver, on a form approved by the commission, and the fee required by ~~paragraph (e)(1) of~~ K.A.R. 86-1-5(c)(1)(A);

(2) (b) documentation concerning any final court judgment, memorandum, or other dispositive order or any settlement agreement resulting from litigation filed by or against the applicant or any real estate company owned in whole or in part by the applicant relating to the business of buying, selling, exchanging, or leasing real estate or to any activity listed in the definition of "broker" in K.S.A. 58-3035 and amendments thereto. ~~The applicant shall provide a copy of the petition or complaint setting out the allegations. If the litigation has been resolved, the applicant shall provide a copy of the settlement agreement or order that sets forth the outcome. If a judgment was obtained against the applicant or any real estate company owned in whole or in part by the applicant, the applicant shall indicate whether the judgment has been satisfied. If the judgment has not been satisfied, the applicant shall provide an explanation;~~

(3) (c) documentation concerning a statement that completely and truthfully discloses any pending charges, plea of guilty or nolo contendere, diversion or suspended imposition of sentence, or conviction of a criminal offense other than minor traffic violations, including final discharge from probation, parole, postrelease supervision, or conditional release, a written explanation of the circumstances that resulted in the charge or conviction, and a letter from the proposed supervising broker or branch broker stating that the broker has reviewed a copy of the pertinent court records concerning any pending criminal charges or any conviction or plea of guilty or nolo contendere disclosed by the applicant in the application for licensure or disclosed

APPROVED

AUG 09 2018

DIVISION OF THE BUDGET

APPROVED

AUG 09 2018

DEPT. OF ADMINISTRATION

APPROVED

AUG 31 2018

ATTORNEY GENERAL

RECEIVED

SEP 05 2018

KRIS W. KOBACH  
SECRETARY OF STATE



~~in a criminal history check conducted by the Kansas bureau of investigation or federal bureau of investigation and is willing to supervise the applicant under the circumstances misdemeanor or felony. If requested by the commission, the applicant shall also submit documentation concerning any matters disclosed pursuant to this subsection;~~

(4) ~~(d)~~ documentation concerning any denial, revocation, suspension, voluntary surrender, or any other disciplinary action taken by the state of Kansas or another jurisdiction against any professional or occupational license or certificate held by the applicant;

(5) ~~(e)~~ a license history certification from any jurisdiction in which the applicant is currently licensed or has ever been licensed; and

(6) ~~(f)~~ a ~~notarized~~ nonresident service of process appointment form for any applicant who is not a resident of Kansas, which shall be submitted on a form approved by the commission.

~~(b) Each applicant submitting an application for renewal of a real estate broker's or salesperson's license shall also submit the documents specified in paragraphs (a)(3), (4), and (6).~~  
(Authorized by K.S.A. 2017 Supp. 74-4202~~(b)~~); implementing K.S.A. ~~2006~~ 2017 Supp. 58-3039, as amended by L. 2007, ch. 88, sec. 1, K.S.A. 2017 Supp. 58-3040, K.S.A. ~~2006~~ 2017 Supp. 58-3043, as amended by L. 2007, ch. 88, sec. 2, and K.S.A. ~~2006~~ 2017 Supp. 58-3050, as amended by L. 2007, ch. 88, sec. 3; effective Nov. 8, 2002; amended, T-86-7-2-07, July 2, 2007; amended Nov. 16, 2007; amended P-\_\_\_\_\_.)

**APPROVED**

**AUG 09 2018**

**DIVISION OF THE BUDGET**

**APPROVED**

**AUG 09 2018**

**DEPT. OF ADMINISTRATION**

**APPROVED**

**AUG 31 2018**

**ATTORNEY GENERAL**

**RECEIVED**

**SEP 05 2018**

**KRIS W. KOBACH  
SECRETARY OF STATE**

86-3-15. Reporting of information. (a) Each licensee shall report any of the following circumstances to the commission, in writing and within 10 days of the date of occurrence:

(1) Any settlement from litigation filed ~~by or~~ against the licensee or any real estate company owned in whole or in part by the licensee relating to the business of buying, selling, exchanging, or leasing real estate or to any activity listed in the definition of “broker” in K.S.A. 58-3035 and amendments thereto. The licensee shall provide a copy of the ~~petition or complaint~~ settlement agreement; ~~setting forth the allegations~~

~~(2) disposition of any litigation reported pursuant to paragraph (a)(1);~~

~~(3)~~ any final court judgment ~~filed, memorandum, or other dispositive order~~ against the licensee or any real estate company owned in whole or in part by the licensee;

~~(4)~~ (3) any charge of, arrest or indictment for, plea of guilty or nolo contendere to, or conviction of any of the following:

~~(A) Any misdemeanor that reflects on the licensee’s honesty, trustworthiness, integrity, or competence to transact the business of real estate; or~~

~~(B) any felony;~~

~~(5)~~ (4) any change in the licensee’s name;

~~(6)~~ (5) any change in the licensee’s residence address;

(6) any change in the licensee’s electronic-mail address on file with the commission;

~~(7) any denial by another jurisdiction of an application made by the licensee for a broker or salesperson license;~~

~~(8) any suspension or revocation of, or any other disciplinary action taken by another jurisdiction against a broker or salesperson license held by the licensee; or~~

**APPROVED**

**AUG 09 2018**

**DIVISION OF THE BUDGET**

**APPROVED**

**AUG 09 2018**

**DEPT. OF ADMINISTRATION**

**APPROVED**

**AUG 31 2018**

**ATTORNEY GENERAL**

**RECEIVED**

**SEP 05 2018**

**KRIS W. KOBACH  
SECRETARY OF STATE**

(9) any denial, suspension, revocation, voluntary surrender, or any other disciplinary action taken by the state of Kansas or another jurisdiction against any professional or occupational license or certificate held by the licensee.

(b) Each supervising broker for a partnership, association, or corporation whose members or officers are licensed pursuant to K.S.A. 58-3042, and amendments thereto, shall be responsible for reporting the information required by this regulation as it relates to the partnership, association, or corporation.

(c) Each supervising broker and branch broker shall report to the commission any information pursuant to paragraph (a)(4) (a)(3) that is applicable to any associated or employed salesperson or associate broker. This report shall be submitted in writing within 10 days of the date that knowledge of the information comes to the attention of the broker.

(d) Each licensee shall report to the licensee's supervising broker or branch broker any information pursuant to paragraph (a)(3) within 10 days of the date of occurrence. (Authorized by K.S.A. 2017 Supp. 74-4202(b); implementing K.S.A. 2006 2017 Supp. 58-3042, K.S.A. 2006 Supp. 58-3043, as amended by L. 2007, ch. 88, sec. 2, K.S.A. 2006 Supp. 58-3047, as amended by L. 2007, ch. 88, sec. 9, K.S.A. 2006 Supp. 58-3050, as amended by L. 2007, ch. 88, sec. 3, K.S.A. 2006 Supp. 58-3062, and K.S.A. 74-4202; effective Jan. 1, 1974; amended, E-81-18, July 16, 1980; amended May 1, 1981; amended May 1, 1984; amended, T-87-32, Nov. 19, 1986; amended May 1, 1987; amended Nov. 8, 2002; amended, T-86-7-2-07, July 2, 2007; amended Nov. 16, 2007; amended P-\_\_\_\_\_.)

RECEIVED

SEP 05 2018

KRIS W. KOBACH  
SECRETARY OF STATE

APPROVED

AUG 31 2018

ATTORNEY GENERAL

APPROVED

JUN 28 2018

DEPT. OF ADMINISTRATION

APPROVED

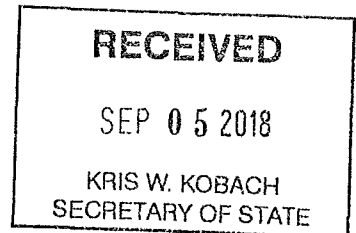
JUN 27 2018

Division of the Budget

*Kansas Real Estate Commission-549  
Erik Wisner [erik.wisner@ks.gov](mailto:erik.wisner@ks.gov)  
700 SW Jackson, Suite 404, Topeka, KS*

**Kansas Administrative Regulations  
Economic Impact Statement  
For the Kansas Division of the Budget**

**K.A.R. 86-1-3**



Submit a hard copy of the proposed rule(s) and regulation(s) and any external documents that the proposed rule(s) and regulation(s) would adopt along with the following to the Division of the Budget.

**I. Brief description of the proposed rule(s) and regulation(s).**

K.A.R. 86-1-3 adopts revisions to the expiration date for new licenses issued after January 1, 2018. The proposed change would set the license expiration date as the first day of the month of issuance two years after the issuance date. If a salesperson was granted a broker's license they would have a new expiration date based on the same calculation method. Any license issued prior to the effective date of the change would keep the same expiration date they currently have moving forward unless they change their license type or let their license lapse and must apply for a new license. The current method for calculating the license expiration date is based on the first letter of the licensees last name.

**II. Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. *(If the approach is different, then include a statement of why the Kansas rule and regulation proposed is different)***

The proposed regulation is not mandated by federal law and there are no applicable requirements under federal law. The federal government does not regulate Kansas real estate licensing law. KREC is not aware of any materially different approaches used in other states.

**III. Agency analysis specifically addressing following:**

- A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;**

N/A

- B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule and regulation and on the state economy as a whole;**

N/A

- C. Businesses that would be directly affected by the proposed rule and regulation,** <sup>APPROVED</sup>

**JUN 27 2018**



N/A

- D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;**

N/A

- E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;**

N/A

- F. An estimate, expressed as a total dollar figure, of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.**

0

An estimate, expressed as a total dollar figure, of the total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

\$0

**Do the above total implementation and compliance costs exceed \$3.0 million over any two-year period?**

YES ☐ NO ☒

**Give a detailed statement of the data and methodology used in estimating the above cost estimate.**

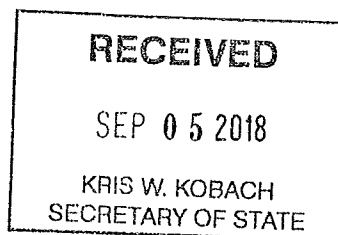
N/A

**Prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing if the total implementation and compliance costs exceed \$3.0 million over any two-year period to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.**

YES ☐ NO ☒

- G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.**

N/A



APPROVED

JUN 27 2018

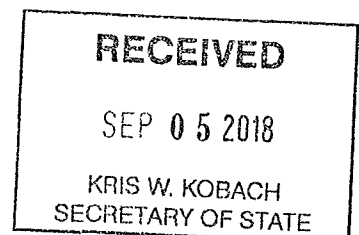
Division of the Budget

- H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).**

The current method for calculating the license expiration date based on the first letter of the licensees last name was confusing to licensees because they would have to prorate their license fee during their initial renewal period. This was a frequent complaint and KREC is adjusting the calculation to avoid confusion.

- I. For environmental rule(s) and regulation(s) describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).**

N/A



APPROVED

**JUN 27 2018**

Division of the Budget

*Kansas Real Estate Commission-549*  
*Erik Wisner [erik.wisner@ks.gov](mailto:erik.wisner@ks.gov)*  
*700 SW Jackson, Suite 404, Topeka, KS*

**Kansas Administrative Regulations**  
**Economic Impact Statement**  
**For the Kansas Division of the Budget**

**K.A.R. 86-1-5**

Submit a hard copy of the proposed rule(s) and regulation(s) and any external documents that the proposed rule(s) and regulation(s) would adopt along with the following to the Division of the Budget.

**I. Brief description of the proposed rule(s) and regulation(s).**

K.A.R. 86-1-5 adopts revisions to the fees required for submission of broker application and opening a primary or branch office for a company. The fee for submission of a broker application is proposed to increase from \$15 to \$50. The fee to open a primary or branch office is proposed to increase from \$25 to \$100. Both fee increases are proposed to more accurately reflect the administrative costs in reviewing broker applications and conducting compliance reviews on new offices. The revisions also eliminate language related to prorated fees since the new expiration date calculation established in K.A.R. 86-1-3 will make the calculation of a prorated fee obsolete.

**II. Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. (If the approach is different, then include a statement of why the Kansas rule and regulation proposed is different)**

The proposed regulation is not mandated by federal law and there are no applicable requirements under federal law. The federal government does not regulate Kansas real estate licensing law. Below is a breakdown of similar fees charged in contiguous states.

	Broker App	Open Company
Kansas (proposed)	\$50	\$100 (initial) no renewal fee
Missouri	\$130	\$130 (initial)/\$50 (renewal)
Nebraska	\$100	\$50 (initial)/\$50 (renewal) <i>branch only</i>
Oklahoma	\$225	\$225 (initial)/\$225 (renewal)
Colorado	\$485	\$695 (initial) no renewal fee

**III. Agency analysis specifically addressing following:**

- A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;**

**RECEIVED**

SEP 05 2018

KRIS W. KOBACH  
 SECRETARY OF STATE

APPROVED

JUN 27 2018

Division of the Budget

The proposed fee increases to brokers and new companies could restrict individuals applying for licensure or opening a new office. However, KREC has spoken with several large firms and they indicate the cost is minimal and would not impact their business decision. They have indicated the other fees KREC has reduced over the past two years more than offset these fee increases.

- B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule and regulation and on the state economy as a whole;**

It is estimated the Commission will collect \$14,050 in additional fee revenue annually. The additional fee revenue will fund compliance reviews of Kansas licensed brokerages.

- C. Businesses that would be directly affected by the proposed rule and regulation;**

Brokerages and brokers applying for licensure to transact real estate in Kansas.

- D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;**

Compliance reviews done when brokers first enter the industry help to minimize violations of license law later in time.

- E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;**

KREC has done an analysis of our direct regulatory cost over the past two years and have reduced or eliminated numerous fees. These include fees for name and address changes, duplicate licenses, certification license history and adding additional company affiliations. KREC has also eliminated the convenience fee charged to licensees for submitting fee payments via our online licensing portal. Eliminating these fees has reduced the burden on licensees by \$55,000 annually which far exceeds the fee increase requested in the proposed change. The cumulative effect of the changes in fees better align costs assessed with agency regulatory costs.

- F. An estimate, expressed as a total dollar figure, of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.**

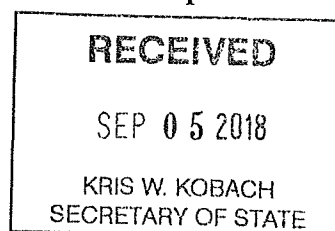
\$14,050

**An estimate, expressed as a total dollar figure, of the total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.**

\$0

**Do the above total implementation and compliance costs exceed \$3.0 million over any two-year period?**

YES ☐ NO ☒



APPROVED

JUN 27 2018

Division of the Budget



**Give a detailed statement of the data and methodology used in estimating the above cost estimate.**

KREC estimates 80 original broker applications will be submitted annually at an increase of \$35 per application for a total of \$2,800. KREC estimates 150 new company applications will be submitted annually at an increase of \$75 per application for a total of \$11,250. Both increases will only impact broker applicants and licensees. Salesperson applicants and licensees will not be impacted.

**Prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing if the total implementation and compliance costs exceed \$3.0 million over any two-year period to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.**

YES ☐ NO ☒

- G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.**

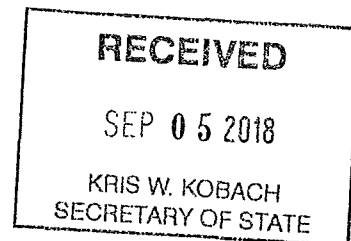
N/A

- H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).**

The proposed regulation has been discussed at commission meetings in April and May 2018. The draft of the regulation was provided previously to the Kansas Association of Realtors.

- I. For environmental rule(s) and regulation(s) describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).**

N/A



APPROVED

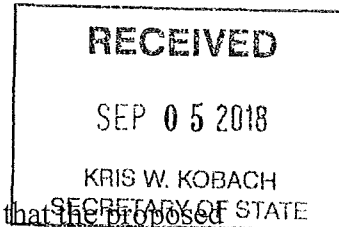
JUN 27 2018

Division of the Budget

*Kansas Real Estate Commission-549  
 Erik Wisner [erik.wisner@ks.gov](mailto:erik.wisner@ks.gov)  
 700 SW Jackson, Suite 404, Topeka, KS*

**Kansas Administrative Regulations  
 Economic Impact Statement  
 For the Kansas Division of the Budget**

**K.A.R. 86-1-15**



Submit a hard copy of the proposed rule(s) and regulation(s) and any external documents that the proposed rule(s) and regulation(s) would adopt along with the following to the Division of the Budget.

**I. Brief description of the proposed rule(s) and regulation(s).**

K.A.R. 86-1-15 is proposed for repeal because it refers to reporting a name change for licensing purposes which is no longer applicable pursuant to changes being proposed in K.A.R. 86-1-3.

**II. Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. *(If the approach is different, then include a statement of why the Kansas rule and regulation proposed is different)***

The proposed regulation is not mandated by federal law and there are no applicable requirements under federal law. The federal government does not regulate Kansas real estate licensing law. KREC is not aware of any materially different approaches used in other states.

**III. Agency analysis specifically addressing following:**

- A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;**

N/A

- B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule and regulation and on the state economy as a whole;**

N/A

- C. Businesses that would be directly affected by the proposed rule and regulation;**

N/A

- D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;**

N/A

APPROVED

**JUN 27 2018**

- E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;

N/A

- F. An estimate, expressed as a total dollar figure, of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

\$0

An estimate, expressed as a total dollar figure, of the total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

\$0

Do the above total implementation and compliance costs exceed \$3.0 million over any two-year period?

YES ☐ NO ☒

Give a detailed statement of the data and methodology used in estimating the above cost estimate.

N/A

Prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing if the total implementation and compliance costs exceed \$3.0 million over any two-year period to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.

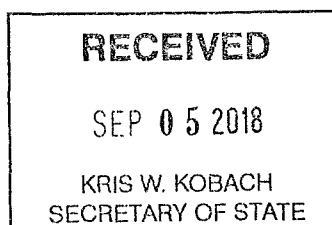
YES ☐ NO ☒

- G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.

N/A

- H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).

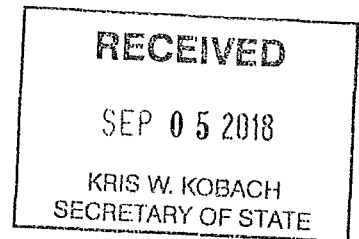
N/A



APPROVED  
JUN 27 2018  
Division of the Budget

- I. For environmental rule(s) and regulation(s) describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).

N/A



APPROVED

JUN 27 2018

Division of the Budget



Proposed

*Kansas Real Estate Commission-549  
Erik Wisner [erik.wisner@ks.gov](mailto:erik.wisner@ks.gov)  
700 SW Jackson, Suite 404, Topeka, KS*

RECEIVED  
JUN 12 2018  
Division of the Budget

**Kansas Administrative Regulations  
Economic Impact Statement  
For the Kansas Division of the Budget**

RECEIVED  
SEP 05 2018  
KRIS W. KOBACH  
SECRETARY OF STATE

K.A.R. 86-1-19

Submit a hard copy of the proposed rule(s) and regulation(s) and any external documents that the proposed rule(s) and regulation(s) would adopt along with the following to the Division of the Budget.

**I. Brief description of the proposed rule(s) and regulation(s).**

K.A.R. 86-1-19 modifies requirements for submitting supporting documents with a license application. The proposed changes would remove the requirement to report pending litigation. The requirement to report final court judgment or settlement would remain. The proposed changes would also remove the requirement that individuals must include documentation related to all criminal offenses. It gives the option for the commission to only require documentation for certain criminal charges and convictions. The proposed changes would also clarify that all misdemeanor charges and convictions would need to be reported the commission. There are also technical changes that update language related to nonresident applications and requirements for renewal applications redundant with K.A.R. 86-3-15.

**II. Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. (If the approach is different, then include a statement of why the Kansas rule and regulation proposed is different)**

The proposed regulation is not mandated by federal law and there are no applicable requirements under federal law. The federal government does not regulate Kansas real estate licensing law. KREC is not aware of any materially different approaches used in other states.

**III. Agency analysis specifically addressing following:**

**A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;**

Individuals applying for a license should see a decrease in their administrative burden due to a reduction in paperwork

**B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule and regulation and on the state economy as a whole;**

Individuals applying for a license should see a decrease in their administrative burden due to a reduction in paperwork

APPROVED

JUN 27 2018

Division of the Budget

**C. Businesses that would be directly affected by the proposed rule and regulation;**

Brokerages employing applicants who will obtain a license.

**D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;**

Individuals applying for a license should see a decrease in their administrative burden due to a reduction in paperwork.

**E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;**

N/A

**F. An estimate, expressed as a total dollar figure, of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.**

\$0

An estimate, expressed as a total dollar figure, of the total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

\$0

Do the above total implementation and compliance costs exceed \$3.0 million over any two-year period?

YES ☐ NO ☒

Give a detailed statement of the data and methodology used in estimating the above cost estimate.

N/A

Prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing if the total implementation and compliance costs exceed \$3.0 million over any two-year period to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.

YES ☐ NO ☒

**G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.**

APPROVED

JUN 27 2018

Division of the Budget

RECEIVED

SEP 05 2018

KRIS W. KOBACH  
SECRETARY OF STATE

N/A

- H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).**

The requirement that individuals must include documentation related to all criminal offenses is a frequent complaint by applicants for licensure. Based on these comments we are proposing changes to the regulation to give the option for the commission to only require documentation for certain criminal charges and convictions

- I. For environmental rule(s) and regulation(s) describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).**

N/A

APPROVED

**JUN 27 2018**

Division of the Budget

**RECEIVED**

**SEP 05 2018**

**KRIS W. KOBACH  
SECRETARY OF STATE**

*Kansas Real Estate Commission-549  
Erik Wisner [erik.wisner@ks.gov](mailto:erik.wisner@ks.gov)  
700 SW Jackson, Suite 404, Topeka, KS*

**Kansas Administrative Regulations  
Economic Impact Statement  
For the Kansas Division of the Budget**

**K.A.R. 86-3-15**

**RECEIVED**

**SEP 05 2018**

**KRIS W. KOBACH  
SECRETARY OF STATE**

Submit a hard copy of the proposed rule(s) and regulation(s) and any external documents that the proposed rule(s) and regulation(s) would adopt along with the following to the Division of the Budget.

**I. Brief description of the proposed rule(s) and regulation(s).**

K.A.R. 86-3-15 modifies requirements for current licensees to submit documentation to the commission. The proposed changes would remove the requirement to report pending litigation. The requirement to report final court judgment or settlement would remain. The proposed changes would also clarify that all misdemeanor charges and convictions would need to be reported the commission. In addition, any felony or misdemeanor charge or conviction would also need to be reported to the licensee's responsible broker within 10 days of occurrence. The regulation also requires a licensee to report any changes to the licensee's email address on file with the commission.

**II. Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. *(If the approach is different, then include a statement of why the Kansas rule and regulation proposed is different)***

The proposed regulation is not mandated by federal law and there are no applicable requirements under federal law. The federal government does not regulate Kansas real estate licensing law. KREC is not aware of any materially different approaches used in other states.

**III. Agency analysis specifically addressing following:**

**A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;**

Licensees should see a decrease in their administrative burden due to a reduction in reporting requirements for pending litigation and certain criminal charges.

**B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule and regulation and on the state economy as a whole;**

Licensees should see a decrease in their administrative burden due to a reduction in reporting requirements for pending litigation and certain criminal charges

APPROVED

**JUN 27 2018**



- C. **Businesses that would be directly affected by the proposed rule and regulation;**

N/A

- D. **Benefits of the proposed rule(s) and regulation(s) compared to the costs;**

Licenses should see a decrease in their administrative burden due to a reduction in reporting requirements for pending litigation and certain criminal charges.

- E. **Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;**

N/A

- F. **An estimate, expressed as a total dollar figure, of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.**

\$0

**An estimate, expressed as a total dollar figure, of the total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.**

\$0

**Do the above total implementation and compliance costs exceed \$3.0 million over any two-year period?**

YES ☐ NO ☒

**Give a detailed statement of the data and methodology used in estimating the above cost estimate.**

N/A

**Prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing if the total implementation and compliance costs exceed \$3.0 million over any two-year period to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.**

YES ☐ NO ☒

- G. **If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.**

N/A

APPROVED .

JUN 27 2018

Division of the Budget

**RECEIVED**

SEP 05 2018

KRIS W. KOBACH  
SECRETARY OF STATE

- H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).**

The requirement that licensees must report all pending litigation and must include documentation related to all criminal offenses is a frequent complaint. Based on these complaints we are proposing changes to the regulation to give the option for the commission to only require documentation for court settlements and criminal charges and convictions that need to be reviewed by the Commission members to determine qualification for licensure.

- I. For environmental rule(s) and regulation(s) describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).**

N/A

APPROVED

**JUN 27 2018**

Division of the Budget

**RECEIVED**

**SEP 05 2018**

**KRIS W. KOBACH  
SECRETARY OF STATE**