

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

Kansas Real Estate Commission
Agency

Erik Wisner
Agency Contact

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86-3-7
K.A.R. Number(s)

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: Division of the Budget
900 SW Jackson, Room 504-N
Topeka, KS 66612

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

The proposed regulation would define advertisement or advertising as it pertains to real estate license law and clarify advertising requirements for affiliated licensees of a supervising broker contained in K.S.A. 58-3086.

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 regulations are 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.

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;

The proposed regulation would clarify current advertising requirements. This could limit some advertising currently being promoted by licensees but would enhance public understanding related to the broker or company the licensee who is advertising the property is affiliated with.

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;

Any licensee who must change their advertising to comply with proposed regulation could be impacted. In discussions with industry, it appears the major change that would require resources is the requirement for the licensee's name or team name to be adjacent to the brokerage name. Since this only applies to digital advertisements the costs are not as significant.



C. Businesses that would be directly affected by the proposed rule and regulation;
Kansas real estate licensees.

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

The clarity in the advertising requirements and the protection of the public in knowing what company they are transacting real estate with outweigh costs a licensee could incur in modifying their advertisements.

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;

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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.

\$25,000 or less. This would mostly be one-time costs for licensees to come into compliance with the proposed regulation changes that go into effect on July 1, 2020.

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.

It is difficult to estimate how many licensees will make changes. The Commission estimates most changes will be to digital advertisements. The Commission estimates 250 licensees will need to change their advertisements. At one hour of time at a cost of \$100 per hour the Commission came up with a total of \$25,000. As noted previously this would be a one-time cost.

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 Commission solicited feedback from licensees and the Kansas Association of Realtors. Based on the feedback from these groups, the Commission made several changes to minimize the impact including restricting some requirements to only digital advertising and delaying the effective date to July 1, 2020. The Commission has been discussing a draft of the proposed regulation or substantially similar language since at least 2017.

- 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.

