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**Testimony on HB 2152 As Introduced
Regarding Proposed Repeal of the Uniform Land Sales Practices Act
Before the Senate Committee on Financial Institutions and Insurance
March 20, 2013**

The Office of the Kansas Securities Commissioner (KSC), which administers and enforces the Uniform Land Sales Practices Act (ULSPA), K.S.A. 58-3301, et seq., recommends that the ULSPA should be repealed because of its limited applicability during the past decade. Since July 2002, only five sponsors of land subdivisions have filed registration applications and only one active registration is currently on file. Two administrative enforcement cases have been investigated since 1997, and the agency has never had the opportunity to pursue criminal or civil action for a violation of the Act. The two investigations since 1997 did not result in any action for violations of the ULSPA.

If the ULSPA would be repealed, KSC staff believes that consumers would continue to have a cause of action for fraudulent land sales through the Kansas Consumer Protection Act, but the State's ability to pre-emptively detect fraud would be reduced. However, most developers who are subject to the ULSPA are also subject to the Federal Interstate Land Full Disclosure Act, which accomplishes substantially the same goals.

Generally, the ULSPA requires registration of subdivided lands, which are ordinarily undeveloped lots in resort areas, whenever 50 or more lots are offered to Kansans within a 12-month period, unless an exemption can be claimed as specified under K.S.A. 58-3303.

In recent history, the subdivisions in neighboring states that registered have been of sufficient quality that the time and costs required to register with KSC is of limited value for protection of the prospective purchasers of lots. KSC staff believes that real estate laws and regulatory services under those laws should be adequate for housing subdivisions that can be subject to requirements of ULSPA when 50 or more lots are offered to the public.

OFFICE OF THE KANSAS SECURITIES COMMISSION
Investor Education Fund (Fund 2242)
Summary of Revenues and Expenditures

	For the Fiscal Years Ended June 30,											FY 2013 YTD As of 2/29/2013	Totals	%						
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012									
REVENUES																				
Transfer in from Restitution Fund	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000		
Fines, Penalties & Settlements	-	282,414	3,931,420	429,378	34,844	2,270,778	48,427	1,371,924	4,930,308	1,024,304	641,070	286,052	15,231,919	17,200	-	-	-	450,885	2.94%	
Grant Revenue (for TV Ads)	-	-	-	-	-	6,000	-	-	-	-	-	-	-	-	-	-	-	-	6,000	0.00%
Total Revenues	100,000	282,414	3,931,420	429,378	34,844	2,276,778	48,427	1,371,924	4,930,308	1,035,504	641,070	286,052	15,349,119	17,200	-	-	-	456,885	3.04%	
EXPENDITURES																				
Salaries & Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Printing, Copies & Advertising	16,077	19,839	19,595	37,775	30,754	41,915	29,752	25,927	140	9,956	489	607	1,227	-	-	-	-	53,335	0.35%	
Building & Equipment Rent	1,035	2,332	2,805	1,590	1,610	2,712	1,960	2,035	1,003	805	2,776	3,877	215,378	3,877	-	-	-	450,885	2.94%	
Travel & Subsistence	3,530	3,298	4,008	7,247	8,093	19,763	11,293	6,081	6,903	5,020	3,075	3,982	82,293	3,075	-	-	-	24,339	0.16%	
Fees - Other Services	2,346	4,072	1,122	998	1,556	2,883	1,653	2,002	1,392	16,198	3,526	22,505	60,243	3,526	-	-	-	82,293	0.54%	
Professional & Ad Agency Fees	-	-	-	101,936	306,144	1,000,000	-	-	-	900	33,853	33,800	1,476,633	33,800	-	-	-	60,243	0.39%	
Other Contractual Services	4,000	50,000	3,000	635	-	749	280	392	124	572	1,120	98	60,970	1,120	-	-	-	33,800	0.22%	
Supplies	11,215	7,200	2,695	12,891	4,451	15,650	15,602	17,205	1,505	943	3,082	406	92,815	3,082	-	-	-	60,970	0.40%	
Capital Outlay	2,775	-	-	4,929	564	27,862	563	-	2,269	5,074	1,177	178	43,391	1,177	-	-	-	92,815	0.60%	
Grants & Aid to Other Agencies	6,000	70,500	5,500	60,000	35,500	40,000	-	20,000	30,000	120,450	64,660	492,610	492,610	64,660	-	-	-	43,391	0.30%	
Official Hospitality	-	-	-	-	-	2,275	158	-	843	206	95	-	-	-	-	-	-	-	492,610	2.55%
Encouragement Adjustment	-	-	-	-	62	2,275	-	1,509	-	-	-	-	-	-	-	-	-	-	95	0.03%
Total Expenditures	44,203	160,016	38,715	228,001	388,734	1,153,809	61,271	75,051	43,382	213,610	136,689	261,651	2,801,517	43,382	-	-	-	5,168	0.03%	
Excess of Revenues Over Expenditures - Accrual Basis (1)	55,797	122,398	3,892,705	201,377	(353,890)	1,122,969	(11,844)	1,296,873	4,890,521	821,894	504,401	4,401	12,547,602	81,756	-	-	-	12,547,602	81.75%	
Amounts Payable - Beginning of Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts Payable - End of Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess of Revenues Over Expenditures - Cash Basis	55,797	122,398	3,892,705	201,377	(353,890)	1,122,969	(11,844)	1,296,873	4,890,521	821,894	504,401	4,401	12,547,602	81,756	-	-	-	12,547,602	81.75%	
Transfers Out to State General Fund	-	-	3,875,000	-	-	-	-	1,000,000	-	5,000,000	2,050,000	-	-	-	-	-	-	-	11,925,000	77.69%
Beginning Fund Balance	-	55,797	178,195	195,000	397,277	43,387	1,166,356	154,512	1,451,365	1,341,905	113,800	652,036	622,602	622,602	-	-	-	-	-	-
Ending Fund Balance	55,797	178,195	195,900	397,277	43,387	1,166,356	154,512	1,451,365	1,341,906	113,800	652,036	622,602	622,602	-	-	-	-	-	-	4.08%

(1) Effective with the implementation of the SMART system on July 1, 2010, the State of Kansas accounting system is maintained on a modified accrual method which recognizes revenues when earned and expenses when incurred.

NOTE: The Investor Education Fund was first established by the Kansas Legislature in 2001 and the initial funding was by transfer of excess funds from the Securities Enforcement Restitution Fund. The 2002 Kansas Legislature authorized the deposit of fines and other penalties or settlements into the Investor Education Fund to be used for investor education and registrant education as specified under KSA 17-1271(d) and subsequently under KSA 17-12a01(d) when the Kansas Uniform Securities Act was enacted in 2004. This financial report covers the period from inception to show the sources and uses of funds.