

HOUSE BILL No. 2955

By Committee on Taxation

3-6

9 AN ACT concerning certain financial transactions; pertaining to reopen-
10 ing of closed accounts; pertaining to liability for unauthorized charges
11 on credit cards issued by financial institutions; amending K.S.A. 16-
12 842 and repealing the existing section.
13

14 *Be it enacted by the Legislature of the State of Kansas:*

15 New Section 1. (a) No financial institution shall reopen an account
16 which has been previously closed by the holder of such account unless
17 such financial institution:

18 (1) Provides written notice at least 30 days prior to the date such
19 account is to be reopened to the holder of such account stating the reasons
20 for reopening such account; and

21 (2) the holder of such account consents in writing to the reopening
22 of such account.

23 (b) For the purposes of this section, the term “financial institution”
24 shall have the meaning ascribed to it in K.S.A. 38-1702 and amendments
25 thereto.

26 Sec. 2. K.S.A. 16-842 is hereby amended to read as follows: 16-842.

27 (a) *Except as provided in subsection (e)*, a cardholder shall be liable for
28 the unauthorized use of a credit card only if the card is an accepted credit
29 card, the liability is not in excess of \$50, the card issuer gives adequate
30 notice to the cardholder of the potential liability and the unauthorized
31 use occurs before the cardholder has notified the card issuer that an
32 unauthorized use of the credit card has occurred or may occur as the
33 result of loss, theft or otherwise. The card issuer shall provide a telephone
34 number to be called by the cardholder in the event of loss or theft of the
35 credit card. Notwithstanding the foregoing, no cardholder shall be liable
36 for the unauthorized use of any credit card which was issued on or after
37 the effective date of this section, and, after the expiration of 12 months
38 following such effective date, no cardholder shall be liable for the unau-
39 thorized use of any credit card regardless of the date of its issuance,
40 unless: (1) The conditions of liability specified in the preceding sentence
41 are met; and (2) the card issuer has provided a method whereby the user
42 of such card can be identified as the person authorized to use it. For the
43 purposes of this section, a cardholder notifies a card issuer by taking such

1 steps as may be reasonably required in the ordinary course of business to
2 provide the card issuer with the pertinent information whether or not any
3 particular officer, employee or agent of the card issuer does in fact receive
4 such information.

5 (b) In any action by a card issuer to enforce liability for the use of a
6 credit card, the burden of proof is upon the card issuer to show that the
7 use was authorized or, if the use was unauthorized, then the burden of
8 proof is upon the card issuer to show that the conditions of liability for
9 the unauthorized use of a credit card, as set forth in subsection (a), have
10 been met.

11 (c) Nothing in this section imposes liability upon a cardholder for the
12 unauthorized use of a credit card in excess of the cardholder's liability for
13 such use under other applicable law or under any agreement with the
14 card issuer.

15 (d) Except as provided in this section, a cardholder incurs no liability
16 from the unauthorized use of a credit card.

17 (e) *Whenever a cardholder has notified the card issuer that the card-*
18 *holder desires to cancel the cardholder's credit card and the card issuer*
19 *has acknowledged receipt of the cardholder's cancellation request and has*
20 *canceled the cardholder's account, the cardholder shall not be liable for*
21 *any charges posted after the date of the notice of cancellation of the card-*
22 *holder's account.*

23 Sec. 3. K.S.A. 16-842 is hereby repealed.

24 Sec. 4. This act shall take effect and be in force from and after its
25 publication in the statute book.