

STATE AFFAIRS COMMITTEE
March 2, 1967

The meeting was called to order by the Chairman with all members eventually present except Mr. Fribley who was excused.

Rep. Francisco discussed H.B. 1231, stating that it was a "truth in lending" bill. He explained that the bill was born out of his concern that people who borrow or buy on credit do not know what kind of interest or carrying charges they are paying, and that he would like to see the rate placed on the contract. He stated that Dr. Harder would be present later to discuss this matter.

Rep. Bell was introduced to discuss H.B. 1316, who explained that this bill deals with cemetery corporations, and clarifies the law concerning when funds must be placed in the permanent care fund; that it covers landscaping, etc. as well as maintenance. Further, it would give more leeway concerning the investment of these funds. He pointed out that SB 232, which will come to this Committee, speaks only on the question of investments. He stated that in all probability the provisions of 1316 could be amended into the Senate bill. The Chairman explained that Mr. Bell was saying that such an amendment would be satisfactory because two bills cannot be passed amending the same sections. Mr. Bell stated that Mr. Kershner, representing the Funeral Directors, has no objection to this proposal.

Rep. Harper appeared to discuss H.B. 1255, stating that this bill deals with some of the same things that Mr. Francisco's 1231 covers; that this too is a "truth in lending" bill; that he has done a great deal of research on the subject; that the Bankers Association does not support the bill but he has talked with many individual bankers and has not found a single one who is against it. He presented a pamphlet entitled "Truth in Lending" by Dr. Richard L. D. Morse who is head of the Dept. of Family Economics at K.S.U. (see separate folder). He stated the bill defines terms with which one can work; that it provides a method for computing financial charges, requires the lender to notify the borrower of the rate of interest and requires them to state the rate and provides penalties. He stated that this bill is patterned after the Massachusetts bill and that he had talked to the man who was in charge of administering this there and that it is a workable bill; that there had been some serious reservations about its enforceability but that the people have complied and that it is a very good thing there.

Rep. McCray stated that he had been concerned about this very thing and had a similar bill but that it was in Banks and Banking. The Chairman inquired of Mr. Harper if he and Mr. Francisco had discussed their bills, and Mr. Francisco stated that he was willing to concede that Mr. Harper had done more research and probably had a more encompassing bill; that he would be willing to go along with that bill if the Committee was favorably inclined.

Dr. Harder spoke in favor of this type of legislation, and also introduced a group of young people of the Students of Citizenship attending a seminar sponsored through the Methodist Church, stating that their interest is in the area of poverty. He stated that in his work with the lower income groups, that the business of borrowing money, and credit in general, are a real critical matter; that many times they are exploited because of their credit rating and have no idea how expensive their credit arrangements are. He introduced Mr. Ed Johnson who works in this field, and he reiterated these same feelings.

Mr. Charles Hollowell of Wichita, stated that several years ago he was in the finance business, dealing with small loans, not in Kansas; that he is however, acquainted with the Kansas laws. He gave some specific examples of how vicious the lending business can be, and that sometimes employees of the lender are not even aware of what a high price is charged for credit.

Mr. Buchele discussed HCR 1017, stating that it was pretty self-explanatory; that it dealt with a council study regarding constitutional amendments insofar as county home rule is concerned.

Mr. Turner stated he had amendments prepared for H.B. 1301; that these amendments make the proposal agreeable to the Home Builders Association. He pointed out too that an amendment placed the proper grandfather clause in the bill. Mr. Unruh moved that his name be removed as a sponsor to the bill. Motion was seconded by Mr. Buchele and carried with one dissenting vote.

There was considerable discussion about including auctioneers in this bill; and Mr. Doyen stated that he didn't see how they could comply with Section 4. Mr. Brown stated that if an auctioneer cries a sale, when he comes to the real estate he will have to bring a broker in to do that part and he feels it is discriminatory. Mr. Doyen stated that he believes this is "closed shop" legislation and Mr. Rogers stated that this is a profession that needs upgrading. Mr. Doyen inquired about Savings and Loan organizations and Mr. Turner stated it would not apply to them because selling real estate is not their principal profession.

The Chairman inquired if action was desired on H.B. 1316, and Mr. Doyen stated that the Legislative Council had made a study and drafted a bill which met the approval of the cemetery people; that it was unfortunately combined with another bill for consideration and it was rejected; that he would like to present it to the Committee before consideration was given to this one. The Chairman advised that S.B. 232 is similar to 1316 and that Mr. Bell would be agreeable to a combination, and suggested he talk with Mr. Bell about this proposal, and then bring it up to the Committee.

The meeting was adjourned.