

Approved March 6, 1985
Date

MINUTES OF THE House COMMITTEE ON Commercial & Financial Institutions

The meeting was called to order by Representative Harold P. Dyck at
Chairperson

3:30 ~~xxx~~ p.m. on March 5, 1985 in room 527-S of the Capitol.

All members were present except:

Committee staff present: Bill Wolff, Legislative Research Department
Bruce Kinzie, Revisor of Statutes Office
Myrta Anderson, Legislative Research Department
Virginia Conard, secretary

Conferees appearing before the committee:

Rep. Steve Cloud	Marvin Umholtz, Vice Pres., Credit Union
Dr. Robert Harder, Secretary, Social & Rehabilitation Services Department	Development, Ks Credit Union League
James Turner, President, Ks League of Savings Institutions	John Wine, Legal Counsel, Secretary of State

Chairman Harold Dyck called the meeting to order and asked Dr. Robert Harder, Secretary of the Department of Social and Rehabilitation Services, for his testimony on HB2510. Dr. Harder stated that this proposed legislation, initiated by the Department of Social and Rehabilitation Services, would direct treasures of financial organizations to provide the Secretary of SRS, upon request, information relating to financial records of applicants and recipients of public assistance. He said this proposed legislation could afford one more way of checking on the resources applicants and recipients might have. (See Attachment I)

James Turner, President, Kansas League of Savings Institutions, testified in opposition to HB2510. (See Attachment II) The last conferee on HB2510, Marvin Umholtz, Vice President, Credit Union Development, Kansas Credit Union League, testified against the "invasion of privacy" and offered five amendments to the bill. (Attachment III)

Chairman Dyck then called on Rep. Steve Cloud, who testified in favor of HB2527. Rep. Cloud stated that the bill changes the time for publication by the state treasurer of lists of abandoned property. He said that in the past the state treasurer has not been able to comply with the required 120 days for publication of a notice after the filing of the report of unclaimed property because of receiving these reports on a staggered basis. This bill, which was originated by the Committee on Governmental Organization, changes the 120 day requirement to "the state treasurer shall cause notice to be published in each calendar year at least once each week for two successive weeks during the months of February and August in a newspaper". . . ."

There being no other conferees for HB2527, Chairman Dyck called on James Turner, who testified on behalf of HB2509. He stated that this bill would grant equity between federally-chartered and state-chartered savings and loan associations in the receipt of cemetery association deposits. (See Attachment IV)

John Wine, legal counsel for the Secretary of State, testified in favor of HB2509, stating that "the Secretary of State's office wants to lend its support to this bill."

With no other conferees to testify, Chairman Dyck then asked Rep. Ken Francisco, subcommittee chairman for the study of HB2136, for a report. Rep. Francisco gave an explanation of the proposed amendments his committee would like made to HB2136. (See Attachment V)

Rep. Francisco moved that the committee adopt the subcommittee's proposed amendments to HB2136. Rep. Ivan Sand seconded the motion. Motion carried.

Rep. Francisco moved that the committee report HB2136 as amended favorable for passage. Rep. David Miller seconded the motion. Motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON COMMERCIAL & FINANCIAL INSTITUTIONS,
room 527S, Statehouse, at 3:30 ~~xxxx~~^{xxx} p.m. on March 5, 1985

Chairman Dyck then called on Rep. Susan Roenbaugh to give a report of her subcommittee's study of HB2181. Following her report and as result of the questions raised regarding certain aspects of the bill, Chairman Dyck stated his appreciation of the work of the subcommittee and that in light of the discussion he would like for the subcommittee to reconvene for further study of the bill.

Rep. Dorothy Nichols moved that the minutes of the February 28, 1985, meeting be approved. Rep. J. C. Long seconded. Motion carried.

Meeting adjourned at 4:30 pm.

STATE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

STATEMENT REGARDING H.S.

2510

Title

AN ACT directing financial organizations to provide information relating to applicants for or recipients of public assistance to certain persons; providing civil penalties.

Purpose

It is proposed that legislation be initiated to direct treasurers of financial organizations to provide the Secretary of SRS, upon request, information relating to deposits, withdrawals, and interest transaction of applicants and recipients of public assistance.

Background

As evidenced by quality control findings for public assistance programs, assistance is being provided to persons who own resources that are in excess of the allowable levels. In some cases the receipt of assistance is a direct result of willful misrepresentation on the part of the client while in other instances there is no intent to defraud the department such as when an application is filed on behalf of an elderly or disabled client by a friend or relative, without knowledge of a particular asset that may be available to the client. The department has no mechanism for routine inquiries relative to the resources owned by applicants and recipients.

The national tolerance level for Aid for Dependent Children and Medicaid errors is 3%. The food stamp tolerance level is 5% with legislation pending which would reduce that also to 3% or even lower. Errors exceeding these arbitrarily established percentage rates subject the state to fiscal penalties, or sanctions. Presently, a sanction of 1.9 million dollars is pending for errors exceeding the tolerance level in the Aid for Dependent Children program for the 1981 federal fiscal year. As federal budget deficits continue there will likely be a continuation of the trend to require states to assume a greater fiscal responsibility for all program errors.

When a client owns excess resources, all the total benefits issued are considered to be incorrect payments. These errors not only subject the state to possible fiscal sanctions resulting from the quality control system, but also create a credibility gap in the department's ability to manage the income assistance programs in a cost effective and cost efficient manner.

If the state is forced to pay large federal sanctions for "excessive" program errors the result will, of course, be a loss of state dollars to operate assistance programs or meet other state priorities.

It should also be noted that the recommended procedure has been used by Massachusetts and other states with some success.

Alternatives which can be considered include:

1. Maintain the existing error prone system of relying on information provided by the applicant, recipient or interested party filing the application, or
2. Initiate legislation to empower the Secretary to obtain resource information through a matching of SRS applicants and recipients with financial institutions' as proposed. The Secretary should also have the power to bring a civil action should there be a failure on the part of the financial institution to provide the requested information.

Effect of Passage

Passage of this bill will allow the Department of Social and Rehabilitation Services to obtain resource information from financial institutions for recipients of public assistance. The information would generally be obtained through computer matching of bank records against assistance records. Information from the financial institution would only be accessed for those individuals who are also public assistance recipients, and would be handled by the department to the laws of confidentiality.

SRS Recommendation

It is recommended that, as outlined in alternative 2 above, legislation be adopted to direct financial organizations to provide information to the Secretary regarding applicants or recipients of public assistance.

Fiscal Impact

Potential cost savings through reduction of uncorrected public assistance payments to ineligible individuals and resultant reduction in federal sanctions against the state for excessive error rates.

Robert C. Harder
Office of the Secretary
Social and Rehabilitation Services
296-3271
March 5, 1985

KLJI Kansas League of Savings Institutions

JAMES R. TURNER, President • Suite 612 • 700 Kansas Ave. • Topeka, KS 66603 • 913/232-8215

March 5, 1985

TO: HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS
FROM: JIM TURNER, KANSAS LEAGUE OF SAVINGS INSTITUTIONS
RE: H.B. 2510 (SRS PROPOSAL: PUBLIC ASSISTANCE RECIPIENTS)

The Kansas League of Savings Institutions appreciates the opportunity to appear before the House Committee on Commercial and Financial Institutions to express our great concern regarding S.B. 2510 which would mandate that financial institutions participate in the investigation of public assistance recipients on behalf of SRS.

This proposal is a basic encroachment on the privacy of depositors and will establish costs that must be borne by all depositors. The request procedure is a "blanket approach" to searching for information similar to the problems of "shotgun" garnishments which we plan to ask the Legislature to address next year, i.e., there is no requirement for SRS to provide last known address, social security number, or other pertinent data necessary to properly identify an account.

The extension of the program to other states further commits Kansas financial institutions to this public assistance witch hunt. To relieve SRS of any expense for such an account search is inappropriate and creates costs that must be borne by all other customers. Further, we would point out to the committee that the re-creation of a five year account history is a more time consuming and expense process than merely identifying that an account exists.

Further, while the bill purports to relieve the financial institution of any civil liability in this invasion of privacy, it overlooks the potential for frivolous lawsuits for which costs are incurred in seeking dismissal. Also, we strongly object to the \$50 penalty for each individual request that is not properly accommodated.

Finally, this type of proposal raises a number of social and economic issues that warrant further study, research, and careful discussion by this committee. Accordingly, we would request that no action be taken on S.B. 2510 at this time.

James R. Turner
President

JRT:bw

ATTACHMENT 2

3/5/85

TESTIMONY ON H.B. 2510
AN ACT directing financial organizations to provide information
relating to applicants for or recipients of public assistance to
certain persons; providing civil penalties.

Presented to the
HOUSE COMMITTEE ON
COMMERCIAL AND FINANCIAL INSTITUTIONS

March 5, 1985
by the

KANSAS CREDIT UNION LEAGUE

Mr. Chairman, members of the Committee:

I am Marvin Umholtz, Vice President of Credit Union Development for the Kansas Credit Union League (KCUL). Our association represents 97% of the 168 state-chartered and 46 federally-chartered credit unions located in Kansas. Credit unions are non-profit financial cooperatives chartered under state or federal law which are owned by the people who save and borrow there. Kansas credit unions serve the personal financial needs of over 400,000 individual credit union members and have almost \$1 billion in combined assets. Kansas credit unions range in asset size from approximately \$26,000 to \$61 million and range in size of membership from 57 members to 25,000 members.

KCUL POSITION

I appreciate having the opportunity to appear before the Committee in opposition to HB 2510 in its current form. While our association is certainly sympathetic to the intent of the measure--uncovering fraud or abuse of public assistance programs, the bill as written is not satisfactory from our standpoint.

After reviewing the provisions of HB 2510 and the application of a similar law in the Commonwealth of Massachusetts (18 M.G.L. Sec. 15), KCUL believes that the bill can be amended such that our association's concerns are met.

Suggested amendments to HB 2510 are included in this testimony.

HOUSE BILL No. 2510

By Committee on Commercial and Financial Institutions

2-26

0017 AN ACT directing financial organizations to provide information
0018 relating to applicants for or recipients of public assistance to
0019 certain persons; providing civil penalties.

0020 *Be it enacted by the Legislature of the State of Kansas:*

0021 Section 1. When used in this act:

0022 (a) "Secretary" means the secretary of social and rehabilita-
0023 tion services.

0024 (b) "Financial organization" means any bank, trust company,
0025 savings bank, land bank, safe deposit company, savings and loan
0026 association, credit union, investment company, any type of in-
0027 surance company or other entity paying interest income.

0028 Sec. 2. (a) The secretary of social and rehabilitation services
0029 may request, in writing, that a financial organization inform the
0030 secretary of any records which the financial organization may
0031 have which relate to deposit, withdrawal and interest transac-
0032 tions of the financial organization with the applicant for or
0033 recipient of public assistance under article 7 of chapter 39 of the
0034 Kansas Statutes Annotated, and amendments thereto, who is
0035 named in the request or on a computer tape accompanying such
0036 request. Upon receipt of the request, the financial organization
0037 shall provide to the secretary a copy of all such records for the
0038 five-year period or a lesser time period as requested by the
0039 secretary which immediately precedes the day of the receipt of
0040 the request.

0041 (b) The financial organization shall provide, upon written
0042 request, to an officer of an agency administering any public
0043 assistance program in any other state the same information the
0044 financial organization is required to provide under subsection (a)
0045 if a similar financial organization in such other state is required

SUGGESTED AMENDMENTS

Amendment #1. Add new language to Sec. 2 (a) on line 0040 following the period which reads:

Any financial organization which is not an eligible depository for state idle or active accounts or for local public unit or other organization's funds pursuant to K.S.A. 1984 Supp. 12-1675 and amendments thereto, may request and shall receive a fee for providing the requested records, so long as the fee does not exceed the actual cost of providing the information requested.

0046 by statute in effect in the other state to provide such information
0047 to the secretary of social and rehabilitation services. A reason-
0048 able fee may be charged the requesting state, other than the state
0049 of Kansas, so long as the fee does not exceed the actual cost of
0050 providing the information requested.

0051 (c) By applying for or receiving assistance an applicant or
0052 recipient shall be deemed to have authorized the secretary to
0053 obtain the records set forth in subsection (a).

0054 (d) A financial organization may request the secretary to
0055 waive the disclosure requirements set forth in subsections (a)
0056 and (b) if the request for information places an undue burden on
0057 the financial organization. The secretary shall grant the waiver if
0058 the secretary finds that the request for information places an
0059 undue burden on the financial organization. The secretary in
0060 making such determination shall take into consideration the
0061 number of names submitted with the request for information and
0062 whether the financial organization has the computer capability to
0063 match computer tapes with the secretary.

0064 (e) A financial organization and its employees shall be im-
0065 mune from civil liability to any account holder by reason of
0066 disclosure of information by the financial organization under the
0067 provisions of this act.

0068 (f) The secretary of social and rehabilitation services may
0069 bring a civil action against a financial organization who refuses to
0070 comply with the provisions of this section or which knowingly
0071 provides false information in reply to a request under this sec-
0072 tion. If the court finds that a financial organization is in violation
0073 of this subsection (f), the court may assess a civil penalty of \$50
0074 for each individual named in the request. A civil penalty as-
0075 sessed under this subsection (f) shall be remitted to the state
0076 treasurer and shall be deposited in the state treasury to the credit
0077 of the state general fund.

0078 Sec. 3. This act shall take effect and be in force from and
0079 after its publication in the statute book.

Amendment #2. On line 0049 of Sec. 2 (b), add new language following the comma which reads:

except as otherwise provided in subsection (a),

Amendment #3. On line 0053 of Sec. 2 (c), add new language following the period which reads:

The written request by the secretary as required by subsection (a) and the written request by the officer of an agency administering any public assistance program in any other state as required by subsection (b) shall indicate that the secretary or officer in any other state has obtained preauthorization in writing from all applicants for or recipients of public assistance for which a request for records has been made from any financial organization.

Amendment #4. On line 0065 of Sec. 2 (e), add new language following the word "holder" as follows:

or any requesting state

Amendment #5. On line 0073 of Sec. 2 (f) following the second appearing "of" as follows:

no more than

And additionally on line 0074 of Sec. 2 (f) following the word "request" as follows:

, not to exceed \$200 in total

KLSI Kansas
League of
Savings
Institutions

JAMES R. TURNER, President • Suite 612 • 700 Kansas Ave. • Topeka, KS 66603 • 913/232-8215

March 5, 1985

TO: HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS
FROM: JIM TURNER
RE: H.B. 2509 (CEMETERY ASSOCIATION DEPOSITS)

The Kansas League of Savings Institutions appreciates the opportunity to appear before the House Committee on Commercial and Financial Institutions in support of H.B. 2509 which would grant equity between federally-chartered and state-chartered savings and loan associations in the receipt of cemetery association deposits.

A literal interpretation of present statutes would indicate that only state-chartered savings and loan associations could receive cemetery association deposits. Absent a correction, an inequity would exist among savings and loan associations. The amendments in H.B. 2509 would amend K.S.A. 17-1311 and K.S.A. 17-1312 to provide that both federally-chartered and state-chartered associations could accept such deposits.

We would appreciate the committee's earliest attention to reporting H.B. 2509 favorably for passage.

James R. Turner
President

JRT:bw

V

HOUSE BILL No. 2136

By Committee on Commercial and Financial Institutions

1-31

0017 AN ACT amending the uniform consumer credit code; concern-
0018 ing certain charges; relating to written agreements; amending
0019 K.S.A. 16a-2-501 and K.S.A. 1984 Supp. 16a-2-401 and repeal-
0020 ing the existing sections.

0021 *Be it enacted by the Legislature of the State of Kansas:*

0022 Section 1. K.S.A. 1984 Supp. 16a-2-401 is hereby amended to
0023 read as follows: 16a-2-401. (1) With respect to a consumer loan,
0024 including a loan pursuant to open end credit, a lender may
0025 contract for and receive a finance charge, calculated according to
0026 the actuarial method, not exceeding 18% per year on the unpaid
0027 balance of the amount financed not exceeding \$1,000 and 14.45%
0028 per year on that portion of the unpaid balance in excess of \$1,000.

0029 (2) As an alternative to the rates set forth in subsection (1),
0030 with respect to a supervised loan made under a license issued by
0031 the administrator, including a loan pursuant to open end credit, a
0032 supervised lender may contract for and receive a finance charge,
0033 calculated according to the actuarial method, not exceeding the
0034 equivalent of the greater of either of the following:

0035 The total of: (a) Thirty-six percent per year on that part of the
0036 unpaid balance of the amount financed which is \$300 or less; and
0037 (b) twenty-one percent per year on that part of the unpaid
0038 balance of the amount financed which is more than \$300, but
0039 does not exceed \$1,000; and

0040 (c) fourteen and forty-five hundredths percent per year on
0041 that portion of the unpaid balance of the amount financed which
0042 is more than \$1,000; or

0043 (d) eighteen percent per year on the unpaid balance of the
0044 amount financed.

0045 (3) This section does not limit or restrict the manner of

ATTACHMENT 5

Atch. I 3/5/85

0046 calculating the finance charge, whether by way of add-on, dis-
0047 count, or otherwise, so long as the rate of the finance charge does
0048 not exceed that permitted by this section. The finance charge
0049 may be contracted for and earned at the single annual percentage
0050 rate that would earn the same finance charge as the graduated
0051 rates when the debt is paid according to the agreed terms and the
0052 calculations are made according to the actuarial method. If the
0053 loan is precomputed:

0054 (a) The finance charge may be calculated on the assumption
0055 that all scheduled payments will be made when due; and

0056 (b) the effect of prepayment is governed by the provisions on
0057 rebate upon prepayment (section 16a-2-510).

0058 (4) The term of a loan for the purposes of this section com-
0059 mences on the date the loan is made. Differences in the lengths
0060 of months are disregarded and a day may be counted as $\frac{1}{30}$ th of a
0061 month. Subject to classifications and differentiations the lender
0062 may reasonably establish, a part of a month in excess of 15 days
0063 may be treated as a full month if periods of 15 days or less are
0064 disregarded and that procedure is not consistently used to obtain
0065 a greater yield than would otherwise be permitted.

0066 (5) Subject to classifications and differentiations the lender
0067 may reasonably establish, the lender may make the same finance
0068 charge on all amounts financed within a specified range. A
0069 finance charge so made does not violate subsections (1) and (2) if:

0070 (a) When applied to the median amount within each range, it
0071 does not exceed the maximum amount permitted in subsections
0072 (1) and (2); and

0073 (b) when applied to the lowest amount within each range, it
0074 does not produce a rate of finance charge exceeding the rate
0075 calculated according to paragraph (a) by more than 8% of the rate
0076 calculated according to paragraph (a).

0077 (6) Notwithstanding subsections (1) and (2), a lender may
0078 contract for and receive a minimum finance charge of not more
0079 than \$5 when the amount financed does not exceed \$75, or not
0080 more than \$7.50 when the amount financed exceeds \$75.

0081 (7) This section shall not apply to a loan secured by an
0082 interest in land the interest rate of which is governed by sub-

0083 section (b) of K.S.A. 16-207, and amendments thereto, unless
0084 made subject hereto by agreement.

The interest rates of subsections (1) and (2) of

0085 (8) This section shall not apply to a loan secured by an
0086 interest in land subordinate to a prior mortgage and held by a
0087 lender other than the lender of the first mortgage, the interest
0088 rate of which is governed by subsection (b) or (h) of K.S.A.
0089 16-207, and any amendments thereto, unless made subject
0090 hereto by agreement.

(9) Notwithstanding subsections (1) and (2), a lender may contract for and receive a nonrefundable origination fee not to exceed 3% discounted from the amount financed on any loan secured by a real estate mortgage.

(10) 0091 (9) As an alternative to the rates set forth in subsection (1) and
0092 subsection (2)(d), during the period beginning on the effective
0093 date of this act and ending July 1, 1985, a supervised lender may
0094 contract for and receive a finance charge not exceeding 21% per
0095 year on the unpaid balance of the amount financed.

during the period beginning on the effective date of this act and ending July 1, 1985,

0096 Sec. 2. K.S.A. 16a-2-501 is hereby amended to read as fol-
0097 lows: 16a-2-501. (1) In addition to the finance charge permitted
0098 by the parts of this article on maximum finance charges for
0099 consumer credit sales and consumer loans (parts 2 and 4), a
0100 creditor may contract for and receive the following additional
0101 charges in connection with a consumer credit transaction:

- 0102 (a) Official fees and taxes;
- 0103 (b) charges for insurance as described in subsection (2);
- 0104 (c) annual charges, payable in advance, for the privilege of
0105 using a lender credit card which entitles the user to purchase
0106 goods or services from at least one hundred (100) 100 persons not
0107 related to the issuer of the lender credit card, under an arrange-
0108 ment pursuant to which the debts resulting from the purchases
0109 are payable to the issuer;

0110 (d) charges for other benefits, including insurance, conferred
0111 on the consumer, if the benefits are of value to him the consumer
0112 and if the charges are reasonable in relation to the benefits, are of
0113 a type which is not for credit; and are excluded as permissible
0114 additional charges from the finance charge by rule adopted by
0115 the administrator;

- 0116 (e) closing costs;
- 0117 (f) any charge authorized by statute for handling a worthless
0118 check as defined by K.S.A. 21-3707, and amendments thereof;
- 0119 (g) a nonrefundable origination fee not to exceed 3% dis-

, if the fees are bona fide and reasonable in amount

0120 ~~counted from the amount financed on any fixed rate loan secured~~
0121 ~~by a real estate mortgage.~~

0122 (2) An additional charge may be made for insurance written
0123 in connection with the transaction, including vendor's single
0124 interest insurance with respect to which the insurer has no right
0125 of subrogation against the consumer but excluding other insur-
0126 ance protecting the creditor against the consumer's default or
0127 other credit loss ~~[except as provided in paragraph (c) of this~~
0128 ~~subsection].~~

0129 (a) With respect to insurance against loss of or damage to
0130 property, or against liability, if the creditor furnishes a clear and
0131 specific statement in writing to the consumer setting forth the
0132 cost of the insurance if obtained from or through the creditor and
0133 stating that the consumer may choose the person through whom
0134 the insurance is to be obtained; ~~and;~~

0135 (b) with respect to consumer credit insurance providing life;
0136 accident; or health coverage, if the insurance coverage is not a
0137 factor in the approval by the creditor of the extension of credit,
0138 and this fact is clearly disclosed in writing to the consumer, and
0139 if, in order to obtain the insurance in connection with the
0140 extension of credit, the consumer gives specific affirmative writ-
0141 ten indication of ~~his~~ *the consumer's* desire to do so after written
0142 disclosure to ~~him~~ *the consumer* of the cost thereof; ~~and~~

0143 ~~(c) with respect to insurance protecting the creditor against~~
0144 ~~the consumer's default or other credit loss when the consumer~~
0145 ~~credit transaction is secured by a real estate mortgage.~~

0146 New Sec. 3. (1) On and after January 1, 1987, every agree-
0147 ment evidencing a consumer credit transaction shall be written
0148 in a clear and coherent manner using words with common and
0149 everyday meaning and each of the sections of all such agree-
0150 ments shall be appropriately divided and captioned, except that
0151 any such caption shall not be used by any court in the interpre-
0152 tation of any such agreement.

0153 (2) Any creditor, seller or lessor who fails to comply with this
0154 section shall be liable to the consumer who is a party to any such
0155 written agreement which is governed by this section in an
0156 amount equal to any actual damages sustained by the consumer

and

0157 plus a civil penalty of \$50. The total class action penalty against
0158 any such creditor, seller or lessor shall not exceed \$10,000 in any
0159 class action or series of class actions arising out of the use by a
0160 creditor, seller or lessor of an agreement which fails to comply
0161 with this section. No action under this section may be brought
0162 after both parties to the agreement have fully performed their
0163 obligation under such agreement, nor shall any creditor, seller or
0164 lessor who attempts in good faith to comply with this section be
0165 liable for such penalties.

0166 (3) This section shall not apply to agreements involving
0167 amounts financed in excess of \$25,000 nor prohibit the use of
0168 words or phrases or forms of agreement required by state or
0169 federal law, rule or regulation or by a governmental instrumen-
0170 tality.

0171 (4) A violation of the provisions of this section shall not
0172 render any such agreement void or voidable nor shall it consti-
0173 tute a defense to any action or proceeding for the breach of such
0174 agreement or to enforce such agreement.

0175 (5) Each state agency shall develop model forms of agree-
0176 ments which are sufficient for governing the rights, duties and
0177 obligations of parties to transactions which are under its juris-
0178 diction, and publish same in the Kansas register no later than
0179 July 1, 1986, provided, that all such agencies are authorized to
0180 collectively develop and publish any such model forms in the
0181 interest of uniformity. The model forms of agreements shall
0182 indicate the simplicity and brevity in the form and content of
0183 agreements which this act contemplates and shall be for illus-
0184 tration only.

0185 (6) As used in this section, the term "state agency" means the
0186 state bank commissioner, the savings and loan commissioner, the
0187 administrator of the state department of credit unions and the
0188 consumer credit commissioner.

0189 ~~[New Sec. 4. (1) Any supervised lender located in the state
0190 of Kansas shall be authorized to contract for and receive charges
0191 at the maximum rate or amount permitted by law to be charged
0192 by any other creditor for the same type of credit extended in
0193 Kansas under the laws of this state or of the United States.]~~

0194 ~~[(2) In extending credit at a rate or amount that, but for this~~
0195 ~~section, would not be authorized, the creditor shall indicate on~~
0196 ~~the promissory note or other instrument evidencing the exten-~~
0197 ~~sion of credit, the provision of law authorizing the rate or amount~~
0198 ~~charged.]~~

0199 Sec. ~~5.]~~ K.S.A. 16a-2-501 and K.S.A. 1984 Supp. 16a-2-401 are
0200 hereby repealed.

4.

0201 Sec. ~~6.]~~ This act shall take effect and be in force from and
0202 after its publication in the statute book.

5.

VI

HOUSE BILL No. 2181

2-5

By Representatives Guldner, Acheson, Baker, Buehler, C. Campbell, DeBaun, Friedeman, Fry, Fuller, Johnson, Leach, R.D. Miller, Moomaw, Polson, Roenbaugh, Schmidt and Smith

0020 AN ACT relating to financial institutions; requiring certain in-
0021 formation to be printed on checks.

0022 *Be it enacted by the Legislature of the State of Kansas:*

0023 Section 1. (a) All checks, drafts or similar negotiable orders
0024 of withdrawal which are printed for use by customers of all
0025 financial institutions, banks, credit unions, savings and loan
0026 associations or others providing check-writing services, shall be
0027 printed with the month and year the account was opened. Such
0028 month and year shall appear on the face of the check directly
0029 ~~below the consecutive number of each check~~. All new accounts
0030 shall automatically have these dates printed on the face of the
0031 checks.

0032 (b) On all accounts that are already using printed checks, the
0033 month and year will be provided by the customer to the financial
0034 institution at the time the printed checks are reordered and will
0035 be imprinted in the method prescribed in subsection (a). Reor-
0036 dered printed checks will be printed in continuing sequence.

0037 Sec. 2. This act shall take effect and be in force from and
0038 after its publication in the statute book.

following the name of the account

, except new account kits consisting of no more than eight checks

(c) The printer, financial institutions, banks, credit unions, savings and loan associations and others providing check-writing services shall not be liable for any unintentional error in printing or supplying the date the account was opened or the sequential numbering.