


Approved _____ February 9, 1988
Date

MINUTES OF THE HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS

The meeting was called to order by Clyde D. Graeber at _____
Chairperson

3:30 ~~XXX~~/p.m. on February 2, 19⁸⁸ in room 527-S of the Capitol.

All members were present except: Susan Roenbaugh, Excused; Jim Russell, Excused; Clifford Campbell, Excused; Mary Jane Johnson, Absent; and Lawrence Wilbert, Excused.

Committee staff present: Bill Wolff, Research Department
Myrta Anderson, Research Department
Bruce Kinzie, Revisor of Statutes
June Evans, Secretary

Conferees appearing before the committee: Gary Sherrer, Fourth Financial Corporation,
Wichita, Kansas

Chairman Clyde D. Graeber brought the meeting to order.

Gary Sherrer, Fourth Financial Corporation, Wichita, testified that Section 1, K.S.A. 1987 Supp 16a-2-501 needs to be amended. It is requested that it be changed to read: "Charges may be made for the privileges of using a lender credit card which entitles the user to purchase goods or services from at least 100 persons not related to the issuer of the lender credit card (See Attachment #1).

This change deletes the word "annual" as the first word and "payable in advance" following charges.

This change is requested due to out-of-state firms offering credit cards without annual charges and Kansas credit card issuers need to be competitive. The market has been reduced because of out-of-state variance. It is not uncommon for credit card operations to move to states where the laws are less stringent.

Representative Shallenberger moved and Representative Sand seconded that the requested bill amending K.S.A. 16a-2-501 be introduced as a committee bill. The motion carried.

It was moved by Representative Sand and seconded by Representative Gatlin that the minutes of the January 28 meeting be approved. The motion carried.

Chairman Graeber cancelled the Thursday, February 4 meeting and stated there would be hearings the week of February 8 on the bills that were previously introduced.

The meeting adjourned at 3:45 P.M.

Section 1. K.S.A. 1987 Supp. 16a-2-501 is hereby amended to read as follows: 16a-2-501. (1) In addition to the finance charge permitted by the parts of this article on maximum finance charges for consumer credit sales and consumer loans (parts 2 and 4), a creditor may contract for and receive the following additional charges in connection with a consumer credit transaction:

(a) Official fees and taxes;

(b) charges for insurance as described in subsection (2);

(c) ~~annual charges, payable in advance,~~ for the privilege of using a lender credit card which entitles the user to purchase goods or services from at least 100 persons not related to the issuer of the lender credit card, under an arrangement pursuant to which the debts resulting from the purchases are payable to the issuer;

(d) charges for other benefits, including insurance, conferred on the consumer, if the benefits are of value to the consumer and if the charges are reasonable in relation to the benefits, are of a type which is not for credit, and are excluded as permissible additional charges from the finance charge by rules and regulations adopted by the administrator.

An additional charge may be made for insurance written in connection with the transaction, . . .

Sec. 2. K.S.A. 1987 Supp. 16a-2-501 is hereby repealed.

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

Atch 1