Approved January 26, 1988
Date

MINUTES OF THE HOUSE COMMITTEE ON JUDICIARY.

The meeting was called to order by Representative Robert S. Wunsch at
Chairperson

3:30 ~~a.m.~~/p.m. on January 19, 1988 in room 313-S of the Capitol.

All members were present except: Representatives Crowell, Peterson and Sebelius who were excused.

Committee staff present:

Jerry Donaldson, Legislative Research Department
Mike Heim, Legislative Research Department
Jill Wolters, Revisor of Statutes
Mary Jane Holt, Committee Secretary

Conferees appearing before the committee:

The Chairman called the meeting to order. He introduced Representative Barbara Allen, a new legislator and a new member of the Judiciary Committee.

Mike Heim reviewed the Judiciary interim study on Proposal No. 18-County Courts. The Committee recommended that the county home rule law and the Kansas code of procedure for municipal courts be amended to authorize Johnson and Sedgwick Counties to create municipal courts. S.B. 458 was introduced by the Special Committee on Judiciary.

Representative Snowbarger stated there is another bill being drafted on this proposal. This bill would establish a code similar to a small claims code.

Mike Heim reviewed the Judiciary interim study on Proposal No. 40-Protection of Property. The Committee recommended that no changes were needed in the Kansas law dealing with defense of a dwelling or defense of property other than a dwelling at this time. Current Kansas law now permits the use of deadly force in the defense of a person's dwelling if a "reasonable person" in the same circumstances would use such force. The issues are being appealed to the Kansas Supreme Court and the Committee agreed the Court should be given the opportunity to interpret the current Kansas law on this subject.

Jerry Donaldson reviewed the Judiciary Interim Committee studies on the following proposals:

Proposal No. 15--Administrative Procedure Act--S.B. 334.

The Special Committee on Judiciary recommended regarding the time limits for processing an application for an order, the state agency need only acknowledge receipt of the application within 30 days. Notification of apparent errors and omissions would be required as soon as practicable. Further agency action would be required in 90 days only when practicable. S.B. 334 should have a delayed effective date of July 1, 1989, in order to provide an additional year and legislative session to allow for further review. Concerning terminology it was recommended the term "adjudicative" be stricken in reference to hearings and proceedings. The proceedings would be redesignated as formal hearings, conference hearings, summary proceedings and emergency proceedings.

Proposal No. 16--Creditor-Debtor Exemptions.

The Special Committee on Judiciary introduced H.B. 2632 which contains the recommendations of the interim committee.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

Proposal No. 39--Corporate Takeover

The Special Committee on Judiciary made no specific legislative recommendation however, the Committee encouraged the Securities Commissioner to meet and consult with various business leaders as well as other interested parties on the matter of hostile corporate takeover in Kansas, and that such meetings should address the problems that could develop and to suggest specific proposals for consideration during the next session. An article "States Checkmate Corporate Raiders" was distributed to the Committee, (see Attachment I).

Proposal No. 45--Compulsory Automobile Liability Insurance.

The Special Committee on Judiciary introduced H.B. 2633 which includes most of the ad hoc committee statutory recommendations.

Jerry Donaldson distributed a memorandum reviewing the 1987 holdover bills in the House Judiciary Committee, (see Attachment II).

Jerry Donaldson reviewed the Farley decision, 241 Kan. 663, holding K.S.A. 1986 Supp 60-3403 unconstitutional, (collateral source rule in medical malpractice).

The Committee meeting was adjourned at 5:00 p.m.

The next meeting will be at 3:30 p.m., Wednesday, January 20, 1988 in room 313-S.

GUEST REGISTER

DATE January 19, 1988

HOUSE JUDICIARY

NAME	ORGANIZATION	ADDRESS
Jeff Rockett	Anderson Conlee & Associates (St Francis Med Center Wichita)	Topeka

States Checkmate Corporate Raiders

Fearful that raids on local companies could mean the loss of jobs, tax revenues and community support, states are passing laws to make takeovers more difficult.

By Randy Welch

Earlier this year, Wall Street was awash with millions of dollars earned from hostile corporate takeovers, and from "raids" by powerful investors who threatened takeovers but could be bought off instead. The rest of America compared the news of lavish spending on Wall Street with often more dismal news nearby—local plants closed, workers laid off, wage cuts for union employees, and farmers and miners out of work. Skilled men and women lost their jobs, and often had to settle for low-paying work or face the upheaval of moving in search of employment. States lost tax revenues and corporate support for civic activities.

The merger mania on Wall Street, where huge fortunes were being made by speculators who produce nothing tangible, became a focus for public discontent. It seemed clearly wrong that long-established local companies could be taken over, broken up, or forced to lay off employees, because of little-understood, far-off financial manipulations. States had been searching for ways to protect local corporations since the merger wave began in the 1960s. Then, in April of last year, a Supreme Court ruling gave the states new leverage in their fight. The Court ruled in an Indiana case, *CTS Corp. vs. Dynamics Corporation of America,* that states could set up corporate statutes to make quick takeovers more difficult.

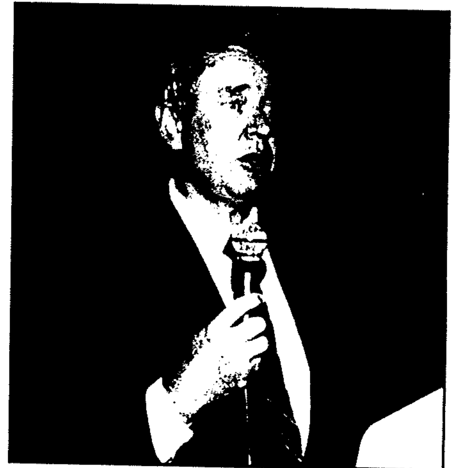
Randy Welch is a free-lance writer based in Denver, Colo. For information on corporate takeover laws call Pam Thayer in NCSL's Denver office.

Wisconsin and Ohio already had laws similar to the Indiana statute, and by September similar laws passed in 11 more states. A number were enacted at the direct request of large local companies threatened by outside takeovers: Minnesota helped Dayton Hudson Corp. deter a threat by Dart Group Corp.; Massachusetts passed a bill to help the Gillette Co.; Washington passed one for Boeing; North Carolina helped Burlington Industries; Wisconsin did the same for G. Heileman Brewing; and Arizona responded to a request from Greyhound.

Minnesota Representative Wayne Simoneau

But despite the popularity and generally bipartisan support for this fast-developing trend, critics raise a number of troubling questions: Are hostile takeovers really bad, or are they also a necessary tool for pruning inefficient businesses and bad management? Do such laws really work, or will they backfire? What other state laws concerning takeovers will the courts uphold? And, last but not least, will Congress, its attention now drawn to the issue, move in the name of interstate commerce to pre-empt the states' traditional power over corporate rules?

In the past, struggles for control of a corporation were waged by *proxy battles,* in which management and its opponents would each campaign for shareholders to vote for their side, either in person or by proxy. Later, proxy battles gave way to *tender offers,* in which one company offers to buy outright a certain number of shares in a second company. Originally, buyers did not have to disclose as much information about themselves, their purposes or intentions, as in a proxy battle. While a tender offer can be friendly or simply an investment, when it is not welcomed by management it is called a *hostile takeover.*



Arizona Senator Peter Kay

Although hostile takeovers are on the upswing, they were still only 1.2 percent of all mergers and acquisitions in 1986, pointed out Beryl Sprinkel, chairman of the President's Council of Economic Advisors, in recent testimony before Congress.

More straightforward tender offers began replacing lengthy proxy battles because the computerization of the stock exchange makes it possible for

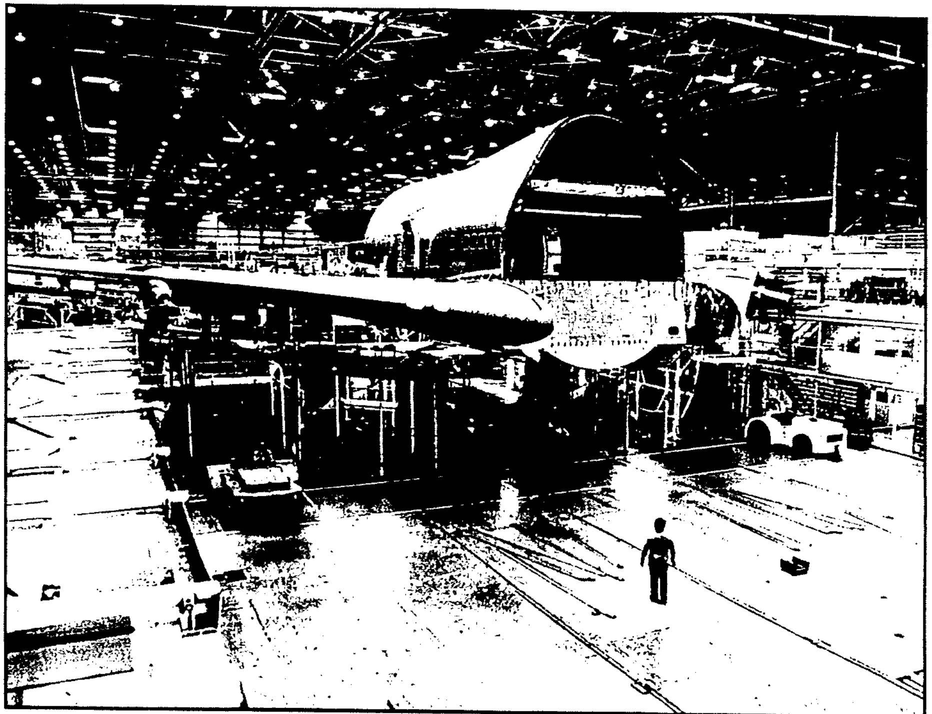
Attachment I

millions of shares to be traded quickly, before the management of the target company can put up defenses. In addition, more and more shares are held by institutional investors, who have no particular ties to individual companies, and who may feel a fiduciary obligation to take a quick profit through tender offers. Hostile takeovers were also encouraged by deregulation, a relaxed attitude toward antitrust enforcement by the Reagan administration, and a deregulated financial market that came up with tools such as "junk" bonds (with higher interest rates, but higher risk) to help finance takeovers. Thus the fate of companies is more and more in the hands of distant financial markets. So is the fate of individual stockholders. When a tender offer is made, for example, stockholders might not understand their options, or they might feel pressured to accept the higher price as quickly as possible.

Complaints about hostile takeovers came chiefly from business management, only rarely from employee groups or stockholders. But government did begin responding to the spectacle of merger wars. Corporations are legal creations of state governments, which traditionally regulate internal corporate matters such as charters and by-laws. The federal government began regulating the trading of securities, under its power to regulate interstate commerce, through the Securities Act of 1933 and the Securities Exchange Act of 1934. Since hostile takeovers were relatively rare before the 1960s, the two sets of powers did not come into conflict.

The key federal law now is the Williams Act of 1968, an amendment to the Securities Exchange Act, which was passed to regulate tender offers. The amendment requires that anyone who acquires more than 5 percent of any class of stock in a company must disclose having done so within 10 days, and any tender offer must disclose the buyer's background, source of funds and any major plans for restructuring the target company. It also requires that all shareholders who tender their shares within the minimum 20-day period get the same price, on a pro-rata basis if too many shares are offered.

The states tried regulating tender offers also, beginning with Virginia in



Aircraft manufacturer, Boeing, provides thousands of jobs in Washington.

1968. By 1982, a total of 37 states had passed laws calling for disclosure of more information in tender offers. Then the Supreme Court struck down the Illinois Business Takeover Act in *Edgar vs. MITE Corp.*, effectively invalidating all 37 state laws. Like most of the "first generation" of state takeover laws, the Illinois law made such takeovers more difficult, and featured such provisions as an indefinite period for hearings by the secretary of state before an offer could begin, and the inclusion under the law of many companies that were incorporated in other states. The Supreme Court ruled the law created an unjustifiable burden on interstate commerce.

Despite the 1982 Supreme Court decision, states kept looking for ways to protect local corporations from the unpopular hostile takeovers. A Minnesota law required a bidder striving for control of a company to have its offer reviewed by other shareholders, who would then vote on whether the bidder could purchase the shares, explains Randall Schumann. He is general counsel for the Wisconsin Securities Commission and chairman of the tender offer committee of the North American Securities Administrators Association. The Minnesota law was struck down by a federal court in August 1985, but the judge suggested in the case that the law might have

been permissible if it had restricted only the *voting* power of the purchaser, instead of actual purchase rights. Given that hint, Schumann explains, both Indiana and Wisconsin passed such "control share" statutes in early 1986.

Under the Indiana law, when a buyer purchases more than a certain percentage of a company's shares he cannot vote the extra shares, unless a special meeting is held and other company shareholders vote to let him. Being unable to take quick control of a target should discourage raiders. The idea is that only "disinterested" shareholders get to decide on accepting a buyout offer; neither management nor the buyer can vote. The law also gives

Ashland Oil Inc. of Kentucky and Dayton Hudson Corp., headquartered in Minnesota, are both large employers.

some advantage to management in fighting a takeover, however, because it lengthens the overall time the process takes, which allows management to put up other defenses while the offer waits. It was that law the Supreme Court upheld by a 6-3 vote in the *CTS* case in April of last year. The court ruled that the Indiana law was consistent with the Williams Act in protecting shareholders and in giving no advantage to either management or the potential purchasers. The court also said that having the shareholder meeting within 50 days of the tender offer was not undue delay, that a purchaser was not deprived of ownership rights because an offer could be made *conditional* on getting the voting rights, and that any impact on interstate commerce was outweighed by the state's interest in defining shareholder rights.

Although it was the *CTS* case that made it to the Supreme Court, that law was the second of two Indiana bills actually passed to help Arvin Industries, a Fortune 500 auto-parts company in Columbus, Ind. Arvin was threatened with a takeover in August 1986, by the Belzberg family, corporate raiders from Canada.

"Hostile takeovers are a drain on resources," contends Robert Garton, president pro tem of the Indiana Senate, who was instrumental in getting the bills passed. "The argument often used is that incompetent managers need to be replaced, but that wasn't the case at Arvin—they just reached $1 billion in income, a record for the firm. If those who want to take companies over have such altruistic motives, then why do they always go after companies with good track records? They always cloak their actions in the argument that this is good for somebody else. This particular law does not prohibit hostile takeovers, it just makes sure all sides are treated evenly."

Similar legislation cropped up all over after the *CTS* decision. Other types of state legislation on takeovers remain from before *CTS,* and an NCSL survey last September shows 27 states that currently have one or more laws governing takeovers. They generally fall into four categories: "control share" laws, like Indiana's, which limit the voting rights of a would-be acquirer; "fair price" laws, which require a buyer who gets majority control and then wants to buy the rest of the shares to pay an equivalent price to the remaining shareholders; "cash out" laws, which are similar to fair price but are aimed at letting minority shareholders redeem shares for the buyout price after a takeover even if the buyer does not want to buy more shares; and "freeze out" laws, which prohibit a buyer from merging, selling, or substantially restructuring the company for several years without special approval. Eighteen of the above bills passed in 1987.

States have also looked at other possibilities, such as laws prohibiting corporations from paying "greenmail," which is the practice of paying above-market stock prices to buy back shares from hostile acquirers. Greenmail increases corporate debt without increasing productivity. Another type of law requires an independent appraisal before management

State Laws Governing Corporate Acquisitions

(September 1987)

State	Type of Statute
Arizona	Control share* 3 year freeze out*
Connecticut	Fair price
Florida	Control share* Fair price*
Georgia	Fair price
Hawaii	Control share*
Illinois	Fair price
Indiana	Control share 5 year freeze out
Kentucky	Fair price 5 year freeze out
Louisiana	Control share* Fair price
Maine	Cash out
Maryland	Fair price
Massachusetts	Control share* (domestic firms) Control share* (foreign firms)
Michigan	Fair price
Minnesota	Control share* 5 year freeze out*
Mississippi	Fair price
Missouri	Control share* 5 year freeze out
Nevada	Control share*
New Jersey	5 year freeze out
New York	5 year freeze out
North Carolina	Control share* (expires 6/30/89) Fair price*
Ohio	Control share
Oklahoma	Control share
Pennsylvania	Cash out
Utah	Control share*
Virginia	Fair price
Washington	Fair price 5 year freeze out* (expires 12/31/88)
Wisconsin	Control share Fair price 3 year freeze out* (expires 9/10/91)

Definitions

Control share acquisition laws usually require shareholder approval of the acquisition of a specified percentage of voting shares of the target company, or may deny voting rights to the acquirer of a specified percentage of the target company's voting stock unless shareholders vote to grant the acquirer those voting rights.

After a potential acquirer has reached a given ownership level of a target company's share, a **fair price** statute gives all shareholders the right to sell their shares to the potential acquirer and receive a fair price for them.

Cash out provisions set standards under which an acquirer must redeem the shares of dissenting shareholders at a fair price as defined in the statute.

Freeze out measures focus on the actual merger of corporations and may require either prior approval by the target company's board of directors of a business combination with an interested shareholder or may mandate a cooling off period. At the end of that period the combination may proceed only under given conditions (e.g., stockholder approval and purchase of shares at a fair price).

*Note: * indicates law adopted in 1987.*

Source: NCSL

can take a company private through a leveraged buy-out. Schumann cites such leveraged buy-outs, in particular, as "an area that has resulted in shareholder abuse." Other states changed their laws to allow corporate directors to consider the interests of employees, customers, suppliers and others who "hold a stake" in the corporation, a switch from previous mandates to consider only the financial return to stockholders. Many of the measures have never been tested in federal court, including the "freeze out" laws and the provisions, like those in Massachusetts, that attempt to apply state laws to outside companies that do business in the state.

Critics of anti-takeover legislation shake their heads at this flurry of activity. First, hostile takeovers are relatively rare events, they point out. Second, they question whether it is wise or just to cut down on the opportunities stockholders may have to sell their stocks. Studies of the Ohio and New Jersey acts indicated that anti-takeover laws caused an overall drop in stock values of 1 to 2 percent for companies headquartered in those states. Others point out it is not shareholders lobbying for anti-takeover laws, but management. As *Forbes* magazine put it, "The heads of large corporations are working for a special variety of laissez-faire in which all markets are free except the market for control of large corporations."

Arizona state Senator Peter Kay, a retired stockbroker and chairman of the Senate Judiciary Committee, agrees with the argument that management is just protecting itself. Greyhound got the Arizona Legislature to pass anti-takeover legislation this year, saying it was threatened by a never specified raider and Kay is unhappy about the new law.

"Every year since Greyhound has been here," Kay says, "they've been threatening to leave if we didn't do this or that. They were lured here from Chicago by extensive tax benefits, and they have been heavy-handed ever since. The fact is, Greyhound management was thinking of themselves rather than the stockholder. Stock appreciates if people come in from the outside, recognize hidden values and bid up the stock. My amendment to bar greenmail and golden parachutes for executives did not pass. I knew it wouldn't, but I wanted to point out to the pub-

lic what a heavy-handed operation this was. I don't say to my constituents, 'I support the free-enterprise system, except when it comes to large corporations. Them we have to protect.' That's in effect what the legislatures are doing."

Representative Wayne Simoneau of Minnesota, the chief author of that state's new control share and freeze out bill, offers a sharply different viewpoint. Simoneau wanted to help $6.5 billion Dayton-Hudson, a popular corporate citizen that gives 5 percent of its profits to charitable causes, as it fought off a takeover attempt from the smaller Dart Group. Simoneau says he has been watching takeover activities intently since raider Irwin Jacobs' attack on Grain Belt Beer in Minnesota 12 years ago cost the jobs of a number of his friends.

"The analogy I would draw," he says, "is that you may have a next-door neighbor you think highly of, with a nice house and yard. You and I can't prevent him from selling his house, but you can prevent him, through city regulation, from opening a bottle shop, a junk yard or a used-car lot. What the states are saying is that greenmail attempts are wrong, golden parachutes are wrong, and raiding a company to junk out its assets is wrong."

The arguments over whether hostile takeovers hurt or benefit the economy are not likely to end. Some economists insist that not only do shareholders get good prices for their holdings in a takeover, but the acquiring firms also benefit, and the overall economy benefits from more productive use of resources. Others argue that the immense corporate debt piled up in such takeovers is a threat to the economy and results in unnecessary layoffs to pay the debt, that takeover activities distract from productive investments and long-term planning, that the acquiring firms' shares show long-term losses and so do the values of most of the target firms. Only investment bankers and financiers profit from the money magic, those economists say.

It is not even certain whether hostile takeovers typically result in layoffs. The usual argument is that a buyer will lay off employees, or sell parts of the company taken over, to increase profit margins and help pay the debts incurred in the takeover. The counter-argument is that no buyer will close down a profitable division, and that any layoffs that increase profits are justified. Analysis of actual takeovers show mixed results.

Photo: Kathleen Proa

Indiana State Senate Majority Leader Joseph Harrison, left, and Connecticut Attorney General Joseph Lieberman, testify before Congress.

Representative Louis Johnson of Kentucky, who chairs the Judiciary Civil Committee, believes his state saved jobs when it drove off the Belzbergs with legislation to help protect Ashland Oil, the state's biggest corporation and an "outstanding" corporate citizen, according to Johnson. Whatever the long-range philosophic arguments are, Johnson points out, it was clear the Belzbergs had a record of taking greenmail or selling off assets, not of helping corporations grow. With tough economic times in Kentucky, support of Ashland drew widespread bipartisan support.

North Carolina, however, tried similar legislation to help Burlington Industries fend off a takeover but found that averting takeovers does not necessarily save jobs.

The company's managers took over the company themselves in a leveraged buyout and 935 employees were laid off, half of them being part of North Carolina's 20,000 Burlington employees.

Ironically, another objection to laws to discourage takeovers is that they may not always do that. Companies where management controls a large block of stock, for example, may find themselves more vulnerable under control share legislation because management cannot vote in a takeover attempt. Lamaur Inc. of Minneapolis actually became a victim of that state's control share law. Lamaur's management controlled 31 percent of the company stock, but was not going to be able to vote in the "disinterested" stockholders' meeting once another company made a bid for it, so it accepted a friendly merger instead.

Such concerns caused Delaware to pause before considering corporate takeover legislation. Delaware is a key state, because half of the Fortune 500 companies and 40 percent of all companies listed on the New York Stock Exchange are incorporated there. Initially, the state bar committee that suggests changes in acquisition law, and that usually has the ear of the state legislature, recommended a delay in passing such laws. Now, however, the bar is considering a freeze out proposal that would restrict corporate takeover activity.

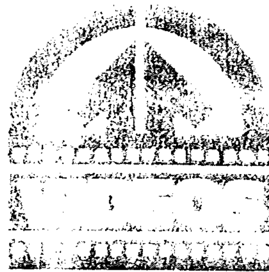
A committee of the bar association's corporate law section has drafted model legislation patterned after New York's corporate takeover statute with suggested amendments for Delaware. After a period for comment from members, the bar plans to make a recommendation to the legislature.

The uncertainty about the effects of all the new legislation has nettled corporations, raiders, the securities industry, and now Congress. A number of bills have been introduced in both houses of Congress to establish a uniform law for tender offers. Analysts consider most to be balanced in that

they do not prohibit acquiring companies from using junk bonds, or from selling the assets of companies they take over. Most lengthen the time tender offers must remain open, and insist on earlier disclosure of takeover attempts along with more information. Some bills take into account the need to protect the fiduciary responsibilities of pension fund managers. Another idea is to outlaw defensive measures such as greenmail. Wall Street generally favors a federal approach, to prevent having to deal with 50 state laws and states protective of their local corporations. Corporate management generally prefers keeping power in the hands of its state legislative allies.

State legislators themselves, however, are wary of any federal bill that moves to pre-empt traditional state power to regulate corporations. For example, bills that prohibit golden parachutes enter the area of compensation of officers; bills that prohibit other defensive tactics enter the areas of internal corporate governance and the attributes of shareholder ownership. Despite Wall Street complaints about having to deal with 50 different state laws, the fact is that there are already 50 different sets of state laws on corporate governance with which Wall Street routinely deals on any merger or acquisition. Moreover, as Indiana state Senate Majority Leader Joseph Harrison testified before Congress in September, the very fact that states are flexible and able to respond quickly to the fast-changing world of corporate takeovers is a positive aspect of the present system.

The states won a major victory on this issue in October, when the Senate Banking and Finance Committee, chaired by U.S. Senator William Proxmire of Wisconsin, agreed to delete the provisions of Proxmire's SB 1323 that infringed on state powers over defensive measures. That legislation was expected to linger until early this year as the Senate awaits House Energy and Commerce Committee action on takeover legislation. The House committee is generally bent on pre-empting states' authority over New York-type "freeze out" statutes, state determination of shareholder voting rights and possibly some state regulatory control over tender offers. But with the present preoccupation with stock market fluctuations, House action is less likely until early spring.



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MEMORANDUM

January 19, 1988

TO: House Judiciary Committee

FROM: Jerry Ann Donaldson, Kansas Legislative Research Department

RE: 1987 Holdover Bills

H.B. 2009 -- This bill resulted from a 1986 interim study, Proposal No. 20 -- Children Task Force and the Attorney General's Task Force on Missing and Exploited Children. The bill would expressly grant the Attorney General authority to prosecute any criminal offense which a county or district attorney fails or declines to prosecute. A similar bill, 1986 S.B. 707 passed the Senate and the House Judiciary Committee, was withdrawn and died in Ways and Means.

H.B. 2011 -- This bill also came from a study on Proposal No. 20, and would provide that acts of child abuse or neglect not be validated regarding licensed day care homes until the Department of Social and Rehabilitation Services (SRS) has taken final agency action. A similar, yet expanded, bill, H.B. 2488, passed during the session.

H.B. 2052 -- The bill deals with medical malpractice screening panels and the assessment of costs and attorney fees. Designed to help cut down on frivolous law suits, the bill would asses court costs, defendants reasonable defense expenses including attorney fees if, after a unanimous decision by the pretrial screening panel against a claimant, the claimant proceeds to trial and loses. The Committee held a hearing but took no action.

H.B. 2081 -- This bill would allow evidence of remarriage for mitigation of damages in a wrongful death suit. A hearing was held and the bill was later tabled.

H.B. 2082 -- The bill would permit unsworn declarations to be used instead of oaths sworn before a notary in many situations. At the hearing on the bill the Secretary of State's office opposed the bill while the Kansas Bar Association (KBA) endorsed the bill.

H.B. 2095 -- This bill would amend the Open Records Act to provide that an individual shall have access to public records and a reasonable opportunity to obtain copies prior to discussion and action in an open meeting. Kansas School Boards opposed the bill and a representative from the League of Kansas Municipalities expressed concern with the bill.

H.B. 2105 -- This bill would amend the criminal code by including in the aggravated juvenile delinquency statute the commission of any felony act by a youth at a state youth center. The Commissioner of Youth Services, SRS, testified in support of the bill while a representative of the Kansas Children's Service League opposed the bill.

Attachment II

H.B. 2107 -- This bill would limit the liability of volunteers, directors, and officers of certain nonprofit organizations. A similar bill, S.B. 28, was passed by the 1987 Legislature.

H.B. 2136 -- The bill would increase the factors for the court to consider in terminating parental rights to include the number of times a child had been placed outside the home and the length of time the child had been placed outside the home. An official with SRS and Kansas Children's Service League testified in support of the bill while parent conferees and members of VOCAL opposed the bill.

H.B. 2150 -- This bill would make hospital liens applicable to worker's compensation awards in contrast to current law.

H.B. 2176 -- This bill would prohibit children from suing their parents for ordinary negligence, except in cases arising out of the negligent operation of a motor vehicle. The sponsor testified in support of the bill while KBA urged caution.

H.B. 2217 -- This bill amends the crime of aggravated burglary to include burglary of a residence when no resident is present due to death, injury, or illness of a resident or resident's relative.

H.B. 2228 -- This bill, based on Texas law, would amend the consumer protection law to cover health spa membership contracts and the registration and control of health spas aimed at protecting the public. H.B. 2536 is a similar bill.

H.B. 2245 -- The bill changes the qualifications for Justices of the Kansas Supreme Court to include members of the State Corporation Commission, the State Board of Tax Appeals, or members of the Kansas Parole Board as meeting the requirements for 10 years of active and continuous practice of law.

H.B. 2247 -- This bill would amend the crimes of unlawful disposal of firearms and unlawful possession of a firearm by deleting the requirement regarding a firearm with a barrel of less than 12 inches.

H.B. 2257 -- This bill would change the crime of promoting obscenity to include the transmission by television or cable of an obscene performance. Representative Hassler testified in favor of the bill while Palmer News, KTLA, and Kansas Cable TV opposed the bill.

H.B. 2259 -- The bill would amend the comparative negligence statute to provide that juries shall not be instructed as to the consequences of its special verdicts. A representative of KTLA opposed the bill.

H.B. 2277 -- This bill enacts new crimes of criminal vehicular operation resulting in the death or injury of an unborn child. Other crimes that would be instituted by the bill include: murder of an unborn child in the first degree; murder of an unborn child in the second degree; voluntary manslaughter of an unborn child; involuntary manslaughter of an unborn child; aggravated battery against an unborn child; battery against an unborn child; assault of an unborn child; and causing injury to an unborn child in the commission of a felony.

H.B. 2297 -- This bill would amend the Parentage Act to require notice of proceedings under the Act be sent to every man presumed to be the father according to the Act. The notice would contain information about the right to appear, obtain counsel, or have counsel appointed. Passage of 1987 H.B. 2296 provided for the appointment of an attorney to represent any unknown father or father whose whereabouts are unknown.

H.B. 2317 -- The bill would not require notice to interested parties and background information in adoption cases, when the petitioner is a close relative of the child.

H.B. 2330 -- This bill would amend the civil procedure code regarding divorce actions by making child support and visitation obligations dependant on each other. Failure to pay support would suspend visitation obligations and vice versa.

H.B. 2371 -- This bill would allow the Supreme Court to permit admission to the Kansas Bar without written examination by an applicant who had been admitted to practice law in another jurisdiction and could show that the applicant graduated from an approved U.S. school of law and complied with other Kansas requirements.

H.B. 2372 -- The bill would expand the crime of giving a worthless check to include payment for a pre-existing debt.

H.B. 2409 -- This bill would institute certain requirements for expert witnesses to meet in order to testify in actions regarding technical professionals. The witnesses would not qualify unless 50 percent of the expert's professional time for two years preceding the incident in question was devoted to actual practice in the same profession as the licensed defendant. The bill was tabled.

H.B. 2410 -- This bill would mandate the court to instruct the jury in actions for damages due to personal injury or death, as to whether an award is subject to taxation under state or federal law.

H.B. 2433 -- This bill would amend the redemption of real property statute by allowing a district court to grant a deficiency judgement to a redeeming creditor after consideration of several factors: (1) the debtor's present financial condition; (2) the debtor's projected financial condition for the next five years; (3) the debtor's projected financial and living expenses; (4) the debtor's present financial obligations; and (5) other relevant factors.

H.B. 2449 -- This bill adds another instance under which child support obligations would continue past the age of 18 -- that the child is unable to be self supporting due to a mental or physical handicap.

H.B. 2450 -- This bill adds K.S.A. 41-727, regarding the purchase or consumption of liquor by a minor, to the list of statutes for which a traffic citation would serve as a lawful complaint for purposes of prosecution.

H.B. 2461 -- This bill would amend the Code for Care of Children by deleting the requirement that notice be given, prior to a dispositional hearing, to the closest relative of the child when there are no grandparents available to notify. Notice will also not be given to grandparents who did not appear at the hearings after receiving notice unless the grandparents request further notice in writing.

H.B. 2468 -- The bill deals with the liability of property owners to persons who enter for recreational purposes. According to the bill, if a charge is made by the owner, the user will be deemed to be an invitee.

H.B. 2469 -- This bill would allow for termination of a trust if the court, upon petition, finds that continuation or establishment of the trust would substantially defeat or impair the trust. At the hearing on the bill a conferee on behalf of KBA testified in support of the bill and stated the bill is designed to save money for the persons and beneficiaries involved.

H.B. 2470 -- This bill would provide that, in actions for unliquidated damages, interest shall be added, either at 4 percentage points above the discount rate or 12 percent per annum for cases in limited action, from the date of the cause of action to the date of judgement.

H.B. 2473 -- This bill would allow an assigned or transferred right of redemption to be subject to levy or sale on execution.

H.B. 2476 -- This bill would allow hearsay evidence at preliminary hearings. A representative of the County and District Attorneys Association as well as an Assistant County Attorney from Johnson County appeared in support of the bill while delegates from KBA and the Wichita Bar opposed the bill. The bill was tabled.

H.B. 2477 -- This bill deals with comparative negligence and outlines new joinder procedures and deletes the joinder provision in K.S.A. 60-258a, the comparative negligence statute.

H.B. 2487 -- The bill would provide cleanup amendments to the Uniform Trade Secrets Act according to testimony from KBA which supports the bill.

H.B. 2489 -- The bill would provide that in eminent domain proceedings in which settlement is reached, the plaintiff must file a statement of compensation, which shall be open to the public, with the court. At the hearing, two real estate brokers testified in favor of the bill.

H.B. 2531 -- The bill repeals K.S.A. 75-418 which allows service of process or notice to state agencies to be made upon the Secretary of State.

H.B. 2534 -- The bill would provide mandatory sentences for certain controlled substances violations. A conferee appearing on behalf of the Sedgwick County Attorney, indicated the effect of the bill would greatly exaggerate prison over crowding.

H.B. 2536 -- Similar to H.B. 2228, this bill would amend the Consumer Protection Act, by providing a three day right to cancel provision to buyers of

services from a health spa or buying club. Current law governing 3-day cancellations only pertain to door-to-door sales contracts.

H.B. 2544 -- This bill would amend the Kansas Fence Laws which were originally enacted in 1855. K.S.A. 29-309 has caused a great deal of confusion according to some concerned individuals. The Wheat Growers Association propose the changes in the law and stated that it is an attempt to clarify the statutes. A similar bill, 1986 S.B. 403, resulted from a 1985 interim study.

H.B. 2554 -- This bill would amend the Kansas Code for Care of Children by adding runaways to the definition of Child in Need of Care. The bill also would allow removal of a child from a scene when the child may be "harmed" as opposed to "in imminent danger." According to the bill a child may not be detained in a juvenile detention facility longer than 24 hours excluding Saturdays, Sundays, and legal holidays. SRS and the Attorney General support the bill.

H.B. 2613 -- This bill contains amendments to the Kansas Administrative Procedure Act that are technical in nature and also would allow for conference adjudicative proceedings without the adoption of rules and regulations.

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