

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS.

The meeting was called to order by Chairperson Ray Cox at 3:30 p.m. on March 20, 2000 in Room 527-S of the Capitol.

All members were present except: Representative Carlos Mayans

Committee staff present: Dr. Bill Wolff, Legislative Research
Bruce Kinzie, Office of Revisor
Maggie Breen, Committee Secretary

Conferees appearing before the committee: Chuck Stones, Kansas Bankers Association
Don Moler, League of Kansas Municipalities
Mike Taylor, City of Wichita
Representative Gerry Ray
Terry Hamblin, Attorney General's Office
Douglas E. Smith, Direct Marketing Association
Elwaine Pomeroy, Kansas Collectors Association and
Kansas Credit Attorneys Assn.

Others attending: See Attached

Chairman Cox opened the hearing on **SB 549** - **Cities; deposits of public moneys.**

Proponents:

Chuck Stones, Kansas Bankers Association, testified in favor of **SB 549**. It is an attempt to address the concerns of some cities and municipalities regarding the deposit of public funds. The KBA supports the clarification of the law. Every effort has been made to be amenable to the concerns of the public units of government. Valid concerns have been addressed with this bill. He urged the committee to adopt it. (**Attachment 1**)

Don Moler, League of Kansas Municipalities, testified in support of **SB 549**. The League believes it helps in allowing local units of government to make investments of active funds without fear that liability could come back upon the finance director, legal department, or other members of the local unit. His testimony also alludes to the fact that, in addition to supporting this bill, at some point in the future they'd like to look at going beyond this so that local units could have a little more flexibility in their investing. (**Attachment 2**)

Mike Taylor, City of Wichita, supports the change made in **SB 549** they think it is a good common sense change. They would at some point like to revisit the issue of increasing competition, which is not dealt with in this bill. (**Attachment 3**)

Chairman Cox closed the hearing on **SB 549** and opened the hearing on: **HB 3039** - **Consumer protection prohibiting obtaining or submitting check without consent.**

Proponents:

Representative Gerry Ray said she was back. **HB 3039** deals with the same issue that **HB 2825**, which failed in a tie vote, dealt with. **HB 3039** pertains to site drafts submitted to banks for payment. It would require written authorization from the owner of the account. She's worked with the AG's office and believes they have solved the problem of ongoing relations. She thought they had resolved all problems to suit all parties; however, direct marketers are still opposed. She doesn't understand why a magazine subscription or a book order taken over the telephone constitutes an emergency situation that requires immediate payment. (**Attachment 4**)

Terry Hamblin, Assistant Attorney General - Consumer Division, said his office is in favor of **HB 3039**. The major change from the former bill is the language that would allow the submission of these drafts "for

CONTINUATION SHEET

MINUTES OF THE FINANCIAL INSTITUTION, Room 527-S Statehouse, at 3:30 p.m. on 3-20-00.

the continuation of existing or recurrent services.” This would allow the payment of utilities which was of concern at the last hearing. This bill would not in any way impact such things as insurance drafts, ongoing auto payments, and payments of this type. **(Attachment 5)**

Representative Boston asked what the penalty was for an unconscionable act. Terry said up to \$5,000 per occurrence.

Representative Humerickhouse asked Terry if he could give the numbers of complaints his office received regarding this issue. Terry said that he could not give a number. He added that it was a fairly frequent complaint. He said he could get the numbers if they were needed.

Representative Grant asked if there was a bigger problem with a credit card number being used for additional unauthorized purchases after its use, than with that of money withdrawn from an account without authorization. Terry said no because there are more safeguards with credit cards.

Representative McCreary said evidently some people think this is a good way of purchasing and he thinks there is much to be said for “the concept of personal responsibility”; he thinks that’s what our society needs more than it needs more laws.

Opponents:

Douglas E. Smith, Direct Marketing Association, representing over 4,500 members, urged the committee to keep Kansas consistent with federal law on the issue of electronic payment. The use of demand drafts has a multibillion dollar impact on the industry. He asked that the committee reject **HB 3039**. Legitimate companies and responsible citizens of Kansas will be negatively impacted by unduly restrictive and burdensome business practices. If this issue were truly a problem, the Federal Trade Commission would have already addressed the concerns and taken appropriate action to revise the provisions of the Telephone Sales Rule. **(Attachment 6)**

Elwaine Pomeroy, representing Kansas Collectors Association and Kansas Credit Attorneys Association, appeared in opposition to **HB 3039**. His agencies are concerned about the practical application of the bill. They think that they extend much further than what was intended by the bill. They share the concerns of the proponents that the consumers need to be protected against unscrupulous practices. However, we should not unintentionally interfere with normal practices of solid, law abiding business organizations. He cautioned the committee that the wording of the bill would interfere with honest, established business practices. He urged the defeat of the bill. **(Attachment 7)**

Chairman Cox closed the hearing on **SB 3039** and said the committee would work the bill.

Representative Tomlinson made a motion to pass **HB 3039** marked favorable. Representative Cox seconded the motion. The motion failed.

Chairman Cox said the committee would work **SB 549**.

Representative Grant made a motion “that we pass **SB 549** out favorable and it is the consensus of the committee that it is -- brings no adverseness to this bill-- or however the hell you want to say it. --- And I want it put in exactly that way.” Representative Cox said “because of its noncontroversial nature be placed on the consent calendar” was the correct wording. Representative Dreher seconded the motion. The motion carried.

Representative Grant made a motion to accept March 13, 2000 committee minutes as written. Representative Vickrey seconded the motion. The motion passed.

The meeting adjourned at 4:17p.m. This is the last scheduled committee meeting this session. Chairman Cox thanked the committee for all of their attention and work this year. The minutes were sent to committee members with the understanding that they would be considered correct if the secretary was not notified of any corrections, additions, or deletions by 5:00 p.m. on March 30th. None were received.

HOUSE FINANCIAL INSTITUTIONS COMMITTEE GUEST LIST

DATE: March 20, 2000

NAME	REPRESENTING
Elwaine F Pomeroy	Kansas Collectors Ass'n Inc Kansas Credit Attorneys Ass'n
George Barber	C B A
Mike Taylor	City of Wichita
Don Moler	LKM
Kelly Kuytala	City of Overland Park
Alex M. Zabell	Direct Marketing Assoc
Doug Smith	Direct Marketing Association
DAVE HATHAWAY	Wiseful Resources
Martee Bertholf	KCCI
Dee Franke	KGC
Chuck Stokes	KBA
Kathy Olsen	KBA
Tim McConville	Federico Consulting
Terry Hamblin	Attorney General
Mike Enzbrunner	Attorney General
Gail Bright	Attorney General
Mike Murray	Sprint
Aue Schmefer	KCUA

Kansas Bankers Association

800 SW Jackson, Suite 1500

Topeka, KS 66612

785-232-3444 Fax - 785-232-3484 kbacs@ink.org

3-20-00

TO: House Financial Institutions Committee
FROM: Chuck Stones, Senior Vice President

RE: SB 549

Mr. Chair and Members of the Committee:

The Kansas Bankers Association appreciates the opportunity to appear before you regarding SB 549.

SB 549 is an attempt to address the concern of a few cities regarding the deposit of public funds. We support this clarification of the law. We have made every effort to be amenable to the concerns of the public units of government.

When the concern was expressed that banks were not bidding at all or not bidding a high enough rate for the money that local taxpayers had paid to the local unit, we helped design the Municipal Investment Pool. A bank must now bid a minimum rate, called the "Investment rate", or the local unit has the option to then place their money in the MIP.

When the concern was raised that some banks simply did not have the technology or the capacity available to handle some cities active accounts, we were willing to insert the word "acceptable" in the statute dealing with bids from banks with charters in Kansas. The word "acceptable" was purposefully left undefined in order give the local units maximum flexibility under the law.

Earlier this year, we met with officials with the City of Lenexa and many members of the Johnson County legislative delegation. We listened to their concerns and believe we have addressed the valid concerns with this bill. We urge you to adopt SB 549.

House Financial Institutions
3-20-00
Attachment 1



300 SW 8th Avenue
Topeka, Kansas 66603-3912
Phone: (785) 354-9565
Fax: (785) 354-4186

League of Kansas Municipalities

TO: House Financial Institutions Committee
FROM: Don Moler, Executive Director
DATE: March 20, 2000
RE: Support for SB 549

First I would like to thank the Committee for allowing the League to testify today in favor of the successful passage of SB 549. Given the ever changing nature of banking in Kansas, we believe cities must have the ability to invest in banks which do not have a main office in the State of Kansas. The concern which has been raised, to which we believe SB 549 partially responds, involves when investments may be made in banks which do not have main offices in Kansas.

The issue which was brought to our attention focuses on the fact that personal liability could fall upon public officers if they have invested in banks which do not have a main office in Kansas. We believe the language which has been added to K.S.A. Supp. 9-1406 would remove personal liability from public officers who make deposits in banks which do not have a main office located in Kansas, when public monies are lost. We would suggest, however, that this is merely a stop-gap measure and falls short of what we believe should be the ultimate goal of the legislature in this area.

Specifically we believe the restrictions which are placed on investments by local government, which are now found in K.S.A. Chapter 9, Article 14, and K.S.A. 12-1675 *et seq.* should be removed. Essentially, these statutes hamstring local government investments by limiting the width and the breath of investments available for public money. While we understand that safety is always an issue when dealing with public funds, we believe the time has come, or soon will come, when cities should be allowed the ability to invest the public's money so as to maximize the return on that money. While we applaud the efforts of the drafters of SB 549 concerning the liability of public officers when making deposits in banks without a main office in Kansas, we would urge the legislature to consider going further and removing the investment restrictions now placed on local governments so that local governments may maximize the public's dollar. I appreciate being allowed to speak today on this matter and I would be happy to answer any questions the Committee may have.

House Financial Institutions
3-20-00
Attachment 2



TESTIMONY

City of Wichita
Mike Taylor, Government Relations Director
455 N Main, Wichita, KS. 67202
Phone: 316-268-4351 Fax: 316-268-4519

Senate Bill 549
Deposit of Public Money
Delivered March 20, 2000
To
House Financial Institutions Committee

The City of Wichita supports Senate Bill 549. Managing public money involves a special trust and requires public officials to use caution, diligence and expertise to make sure those funds are invested in the public interest. That means not only making sure the funds bring the best value and return to the taxpayer, but that they are as safe as possible.

But a public official or municipal corporation should not be held liable for any loss of public funds caused by the failure or default of an officially designated bank or financial institution. The good faith provision included in Senate 549 is reasonable and makes sense.

Another measure which is reasonable, makes sense and will make sure public funds are invested in the best and most effective way, is expanding the number of banks allowed to compete for public funds. We are convinced increased competition for public funds and banking services will improve the type and array of services offered, lower the cost of those services and bring a better investment return for taxpayers. Current law now severely restricts which banks local governments can use, although that law does not place the same restrictions on State government.

With annual investment transactions exceeding \$2.6-billion and the annual volume of deposits totaling more than \$700-million, the City of Wichita finds the selection of banks able to bid on our business is limited because of the restrictions in current law.

While the committee is considering the sensible and reasonable change proposed in Senate Bill 549, the City of Wichita would also suggest adopting the sensible and reasonable change proposed in Senate Bill 524. Both bills would bring beneficial reforms.

House Financial Institutions
3-20-00
Attachment 3

GERRY RAY
REPRESENTATIVE, 20TH DISTRICT
JOHNSON COUNTY
9817 WOODSON
OVERLAND PARK, KS 66207
STATE CAPITOL—ROOM 115-S
TOPEKA, KS 66612-1504
(785) 296-7682



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
VICE-CHAIR: ENVIRONMENT
MEMBER: TAXATION
TRANSPORTATION

March 20, 2000

**TESTIMONY BY REP. GERRY RAY
BEFORE THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE -
ON HB 3039**

The same issue addressed in HB 3039 came before this committee several weeks ago in the form of HB 2825. There was a tie vote in the committee on HB 2825 and thus it failed. The bill pertains to site drafts submitted to banks for payment. It would require written authorization from the owner of the account. At that time, committee members expressed concerns about how it would affect ongoing relationships, such as, utility & insurance companies. It was also opposed by direct marketers.

We have worked on the bill and believe we have solved the ongoing relations problem. Actually, we thought we had it resolved to suit all parties, however, the direct marketers are still opposed. For some reason, which I do not understand, a magazine subscription or a book order taken over the telephone constitutes an emergency situation that requires immediate payment. What I do not understand, is why this type of payment cannot be made by mail.

I apologize for bringing this back to the committee after you heard it earlier, however, I believe it is an important issue that needs to be dealt with as soon as possible.

Thank you for your time and I would urge you to recommend HB 3039 favorable for passage.

House Financial Institutions
3-20-00
Attachment 4



CARLA J. STOVALL
ATTORNEY GENERAL

State of Kansas

Office of the Attorney General

CONSUMER PROTECTION/ANTITRUST DIVISION

120 S.W. 10TH AVENUE, 2ND FLOOR, TOPEKA, KANSAS 66612-1597
PHONE: (785) 296-3751 FAX: 291-3699

**Testimony of
Terry D. Hamblin
Assistant Attorney General
Consumer Protection Division
Office of Attorney General Carla J. Stovall
Before the House Financial Institutions Committee
Re: HB 3039
March 20, 2000**

CONSUMER HOTLINE
1-800-432-2310

Chairperson Cox and Members of the Committee:

Thank you for the opportunity to appear on behalf of Attorney General Carla J. Stovall in favor of HB 3039.

HB 3039 would prohibit suppliers from obtaining or submitting for payment, "other than for the continuation of existing or recurrent services" a "check, draft, or other form of negotiable instrument or payment order drawn on a person's checking, savings share or similar account without the express written authorization of the consumer." Many people are surprised when they learn that money can be removed from their financial institution accounts without their signature.

Our office has received numerous complaints and inquiries from consumers who have (1) had money taken from their bank account without their knowledge or (2) inadvertently given their bank account number to a supplier and become worried the supplier could illegally access their account. This scenario is most prevalent in transactions involving telemarketing. Unscrupulous telemarketers have, after a convincing sales pitch, convinced consumers to provide their checking account and bank routing numbers to the telemarketer. Then, with or without the consent of the consumer, the telemarketer has submitted a demand for payment to the consumer's financial institution.

Once money has been paid out by a financial institution, it is extremely difficult to get it back. Unlike credit cards, checking accounts do not have protections such as an expiration date to verify possession of the card and, more importantly, a process for the consumer to contest payment of the bill. The money is simply gone from your account. This can lead to unhappy relations between a consumer and their financial institution.

Kansas financial institutions often find themselves caught between their customer who denies authorizing payment, and the supplier requesting payment. This is usually a no-win situation for financial institution. If they pay the amount submitted, their customer is unhappy and may sue and/or take their business elsewhere. If they deny payment, the supplier may sue for payment. Our office believes this bill will resolve this dilemma.

On behalf of Attorney General Stovall, I urge you to recommend passage of HB 3039. I would be happy to answer questions of the Chair or any member of the Committee.

House Financial Institutions
3-20-00
Attachment 5

TESTIMONY
House Financial Institutions Committee
House Bill No. 3039
March 20, 2000

Presented by Douglas E. Smith
DIRECT MARKETING ASSOCIATION

Chairman Cox and Members of the House Financial Institutions Committee:

Thank you for the opportunity to appear on behalf of the Direct Marketing Association. My name is Doug Smith. The Direct Marketing Association (DMA), is the oldest and largest national trade association, serving the direct marketing industry since 1917, with over 4,500 members. Our representative membership includes such businesses as IBM, Time Inc., Proctor & Gamble, Microsoft and many others.

We have 20 member companies headquartered in Kansas and 35 telephone service bureaus with operations in Kansas. The employment opportunities and financial impact generated by this industry is important to the Kansas economy.

The Direct Marketing Association urges you to keep Kansas consistent with federal law on the issue of electronic payment. The use of demand drafts has a multi-billion dollar impact on the industry. Fortune 100 companies all the way down to small home based businesses use the demand draft services. We ask that you reject House Bill No 3039, which requires "express written authorization" as the sole form of a consumer's consent before a business may accept automated payments.

The issue of direct marketing/telemarketing has been a topic of discussion in previous legislative sessions and continues to be an issue this legislative session. In this regard, it appears that there is a move to have the State of Kansas protect consumers from themselves.

In general, direct marketing involves a company soliciting a consumer to offer goods or services, or a consumer requesting goods or services in response to a mailing or advertisement.

House Financial Institutions
3-20-00
Attachment 6

It can be very hard to distinguish between reputable marketers and the fraudulent ones. You can't tell by the person's voice or convincing sales pitch. But you can tell by the offers that they make -- "free" trips, prizes and sweepstakes or great money making opportunities. These valuable offers should send up a warning flag for consumers to exercise caution. Consumers need to know that they can protect themselves and that other nonprofit organizations are out there to help them learn how to protect themselves. Most important is the consumer's recognition of the marketer. A consumer should not do business with a marketer who is unknown to them. If an unfamiliar marketer calls a consumer soliciting merchandise they can just say "no and don't contact me anymore".

Thanks to the **Telemarketing and Consumer Fraud and Abuse Prevention Act**, passed in 1994, the Federal Trade Commission, National Association of Attorneys General and Better Business Bureaus all have recently removed telemarketing fraud from their "Top 10 Lists" of consumer complaints.

In August of 1995, the Federal Trade Commission developed the Telemarketing Sales Rule ("TSR"), as a part of the 1994 federal legislation to protect consumers from telemarketing fraud. They implemented among many others a provision allowing demand drafts. The drafts are also known as "phone checks". When the FTC created the rules and regulations for the TSR they established a requirement for "express verifiable authorization" as an effective mechanism for protecting consumers while protecting their rights to spend their money as they wish.

The "verifiable authorization" provision means that there must be active participation from the consumer, not just a reaction of acceptance. According to the FTC, the requirement for verifiable authorization can be satisfied in 3 ways; *(1) an advance written authorization from the consumer, (2) a tape recording of the consumer giving their authorization, or (3) a written confirmation of the transaction.* The Seller must keep the consumer's verifiable authorization for two years from the date of authorization

Not only must the consumer be informed that monies are being withdrawn from their bank account by a "phone check", but federal law also requires that the following information be clearly disclosed to a consumer in any taped authorization:

- The date of the draft
- The amount of the draft
- The name of the consumer whose account is being debited.
- The number of payments authorized, if more than one.
- A customer service telephone number answered during normal business hours
- The date of the authorization

Some will say that provision for "oral authorization" doesn't work. However, the facts remain -- if an unscrupulous business does not comply with the provisions of the Telemarketing Sales Rule, then they are in violation of federal law. And will these unscrupulous companies now comply with a new state statute if they don't follow the federal law?

Who uses "phone checks"? Companies like Sears, Olan Mills, Allstate, Montgomery Wards, Jenny Craig, JC Penney and hundreds of other businesses in Kansas.

Allowing you to pay by check over the telephone is a payment option designed to not only permit you to purchase when you want, but offers an alternative to using credit cards or the hassle with mailing a check. The "phone checks" are convenient and used by all segments of the population. They allow those who do not possess or use credit cards, those who are unable to get to the post office, and those wishing to make purchases, the same ease as those who use a credit card. These demand drafts are a safe, legal and speedy method for paying bills and ordering goods and services.

Eliminating this convenient method of payment will not get rid of any problems, because fraudulent marketers simply don't abide by the law. Thus, the legitimate companies and responsible citizens of Kansas will be negatively impacted by unduly restrictive and burdensome business practices.

If this issue were truly a problem, the Federal Trade Commission would have already addressed the concerns and taken appropriate action to revise the provisions of the Telephone Sales Rule.

The "express verifiable authorization" provisions of the TRS regarding the treatment of automated payment methods are sufficient to establish consumer intent and protect against fraud.

Thank you for your consideration.

***Direct Marketing Association
U.S. Members - Kansas***

Leawood

American Management Association - Kansas City
Paul Friesen & Company

Lenexa

Cephas, Inc.
Digital Archeology
InteliMail
Organized Living
Resource Development Group

Olathe

Intertec List Rental
Ruf Strategic Solutions

Overland Park

Intertec Publishing List Rental Division
Marketshare Publications, Inc.
Relco Corporation
Secure America

Prairie Village

DataPlus Millenium

Shawnee Mission

J. Schmid & Associates, Inc.

Spring Hill

Midwest Direct marketing, Inc.

Topeka

Adams Business Systems and Solutions

Wichita

Heurt Thoughts, Inc.
Results Direct Marketing
Sheplers, Inc.

***Direct Marketing Association
Telephone Service Bureaus - Kansas***

<i>Company</i>	<i>Location</i>	<i># Employees</i>
HTMC	Buhler	
APAC Customer Service	Emporia	500
Wyer Creative Communications	Great Bend	250
APAC Customer Service	Hutchinson	250.
Signature Group	Kansas City	500
Vista Sales & Marketing, Inc.	Kechi	
American Direct	Lawrence	50
Disney Direct Marketing	Lawrence	250
Gecko Communications	Lawrence	
H I Inc.	Lawrence	
Reliance Services, Inc.	Lawrence	
Curtis Instrumentation	Louisburg	
Telepros	Merriam	
APAC Customer Service	Newton	200
Nova Group	Olathe	
Sprint Marketing Service	Overland Park	500
Southern Education Council	Parsons	250
Intellisel Corporation	Pittsburg	250
APAC Customer Service	Salina	250
B & K Corporation	Shawnee Mission	
Answer Kansas City	Shawnee Mission	100
Campbell & Company Call Center	Shawnee Mission	
Market USA	Shawnee Mission	50
Onstage Teleservice Center	Shawnee Mission	1000
Sales Contract Specialists	Shawnee Mission	
Sandlin & Associates, Inc.	Shawnee Mission	
CIVIC Development	Topeka	250
Market USA	Topeka	100
Pro Tel Marketing, Inc.	Topeka	250
Answer Exchange	Wichita	50
APAC Customer Service, Inc.	Wichita	500
Appointment Setter of America	Wichita	50
Consumer Insight, Inc.	Wichita	
Omni Call Center	Wichita	
Spiegel Teleservice, Inc.	Wichita	1000

Information about the Consumer Payment Option Known as "Phone Checks"

What is a phone check?

- One way to pay a bill is to use a phone check.
- You simply give your permission to the vendor by providing the same information over the phone the vendor would receive from a handwritten check:
 - the amount of the check
 - the routing number of your bank where your checking account is
 - the actual number of the check you are using.
- When you use a phone check, you should always record the transaction in your check register and void the actual check number used.
- Phone checks are a lot like making an electronic payment through online banking, but you don't have to have internet access to do it.

Who uses phone checks?

- Small businesses
- Consumers who don't have credit cards
- Consumers who don't want to give out their credit card information over the phone.
- Consumers who want to avoid expensive late fees on credit cards.
- Utility companies
- And, yes, that telemarketing firm your neighbor works for in your hometown may use phone checks, too.

Why would someone choose to use a phone check to pay a bill or purchase a product?

- To avoid expensive late fees on credit cards.
- To limit the vendor to only one transaction with the consumer or small business's financial information.
- To avoid unnecessary paperwork.
- To avoid delayed payment due to slow mail delivery.

Are there protections against unscrupulous telemarketers in current law? Absolutely!

- Under Kansas law, it would be fraud for someone to access your bank account without your permission.
- Under federal law, it would be a violation of the Telemarketing and Consumer Fraud and Abuse Prevention Act

Phone Checks – A Desirable Consumer Payment Option

- Phone checks allow consumers the convenience of credit cards --- *without the risks.*
- Phone checks offer consumers the same convenience as electronic bill-paying, ---- *without the cost of internet access.*
- Phone checks offer consumers the use of their bank account –*without the hassle of writing and mailing checks.*
- More and more small business and individuals choose phone checks each day as a safe and easy way to pay bills.

REMARKS CONCERNING HOUSE BILL 3039
HOUSE FINANCIAL INSTITUTIONS COMMITTEE
MARCH 20, 2000

Thank you for giving me the opportunity to appear in opposition to HB 3039 on behalf of the Kansas Collectors Association, Inc., which is an association of collection agencies in Kansas, and the Kansas Credit Attorneys Association, which is a state-wide organization of attorneys whose practice includes considerable collection work.

Our groups are concerned that the practical applications of this bill extend much further than intended. We share the concerns of the proponents that consumers need to be protected against unscrupulous practices, particularly by fly-by-night telephone solicitors. However, as we attempt to reach that goal, we should not unintentionally interfere with normal practices of solid, law abiding business organizations.

Frequently, debtors want to satisfy an obligation quickly. Sometimes that occurs when the debtor is buying a home, and wants to close on the mortgage loan quickly, only to be told that in order to get the loan, an existing debt must first be paid. Payment can be made by giving the collector the necessary information and authorization to debit the debtor's bank account. This bill would prohibit that activity. Such a prohibition would be a detriment to that consumer.

There is no reason to prohibit established business practices of reputable businesses. If you limit use of legitimate collection methods in the name of regulating illegitimate activity, you will make it difficult to collect overdue bills or worthless

House Financial Institutions
3-20-00
Attachment 7

checks, and drive up the costs for businesses. Those business costs have to be passed on, one way or the other, to those customers of those businesses who pay their bills on time.

From my reading of the bill, it would prohibit making airline reservations by telephone or by use of the internet, because those would not be “for the continuation of existing and recurrent services” because that would lack the recurrent aspect.

We would caution your committee that the wording of the bill would interfere with honest, established business practices. We urge your defeat of this legislation.

Elwaine F. Pomeroy
For Kansas Collectors Association, Inc.
And Kansas Credit Attorneys Association