

MINUTES OF THE HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE.

The meeting was called to order by Chairperson Al Lane at 9:10 a.m. on February 5, 2002 in Room 521-S of the Capitol.

All members were present except: Rep. John Ballou - excused  
Rep. Broderick Henderson - excused

Committee staff present: Jerry Donaldson, Legislative Research  
Bob Nugent, Revisor of Statutes  
Renaë Jeffries, Revisor of Statutes  
Bev Adams, Secretary

Conferees appearing before the committee: Rebecca Rice, KS Chiropractic Assn.  
Rep. David Huff  
Ed Wise  
Ron Hein, KS Restaurant and Hospitality Assn.  
Philip Bradley, KS Licensed Beverage Assn.  
Terry Leatherman, KCCI  
Steve Rarrick, Deputy Attorney General

Others attending: See attached list

The committee meetings on January 30 and 31 were cancelled due to adverse weather conditions.

The minutes of January 16, 22, 23 and 24 were passed out to the committee to be read and approved later.

A handout from Bill Layes, Kansas Department of Human Resources, KDHR, answering questions from his appearance earlier was passed out to the committee. (Attachment 1)

**Introduction of Bills**

Rebecca Rice, Kansas Chiropractic Association, appeared before the committee to request legislation making changes in the state's worker's compensation statutes. (Attachment 2)

A motion was made by Rep. Johnson to approve the legislation as a committee bill. Rep. Ruff seconded the motion. The motion passed.

**Hearing on: HB 2674 - Regulations of gift certificates**

Rep. David Huff, the sponsor of **HB 2674**, appeared before the committee as a proponent of the bill. The bill would make a gift certificate purchased by an individual non-expiring. (Attachment 3) He ended his testimony by answering questions.

Ed Wise appeared as a proponent who had a bad experience with a gift certificate he had bought for his wife not being honored because it could not be used before the date it would expire because the appointment books were full. (Attachment 4) He concluded his testimony answering many questions.

Ron Hein, Kansas Restaurant and Hospitality Association, had some concerns about the bill the way it is written. They do not object to the concept of **HB 2674**, but would hope that their concerns could be solved prior to the legislation being passed out of committee. (Attachment 5) He answered many questions on how this bill would affect the type of businesses he represents.

Philip Bradley, Kansas Licensed Beverage Association, appeared as a neutral with concerns. Their job is to make consumers happy. They honor all certificates, as it is good business. He believes that the intent of the bill is good, but is too far reaching.

Terry Leatherman, KCCI, presented the testimony of Marlee Carpenter, as she was appearing before another

CONTINUATION SHEET

MINUTES OF THE HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE, February 5, 2002, at 9:10 a.m. in Room 521-S of the Capitol Building.

committee. They appeared before the committee not in support or in opposition of the bill but to provide information given to them by their retail members. Some of their members do not put expiration dates on their certificates while others are concerned with the elimination of expiration dates. Kansas retailers state that expiration dates encourage customers to remember their gift certificates and to use them. They estimate that only one half of one percent of gift certificates are not used in the first year. (Attachment 6)

Steve Rarrick, Deputy Attorney General for Consumer Protection, appeared to suggest amendments to the bill to make the wording conform to definitions in the Kansas Consumer Protection Act. Other amendments concern the redemptions of gift certificates in cash, allowing for issuance of new certificates for the amount not used if the full amount is not redeemed at the time of redeeming the certificate, gift certificates purchased at a volume discount, and tying the bill to K. S. A. 17-1769. (Attachment 7) He concluded his testimony by answering questions.

No others were present to testify for or against **HB 2674** and Chairman Lane closed the hearing.

**Hearing on: HB 2676 - Electronically printed credit card receipts, restrictions**

Rep. David Huff appeared before the committee as a proponent of the bill. **HB 2676** would help to protect consumers from credit card fraud by making it mandatory for all retailers to xxxx out at least all but the last five numbers of credit cards when a purchase is made. (Attachment 8)

Written testimony was handed out from Marlee Carpenter, Kansas Chamber of Commerce and Industry (KCCI) giving information given to them by their retail members. (Attachment 9)

Steve Rarrick, Deputy Attorney General of the Consumer Protection Division, appeared on behalf of Attorney General Carla J. Stovall to testify in support of **HB 2676**. (Attachment 10)

No others were present to testify for or against the bill and Chairman Lane closed the hearing on **HB 2676**.

Chairman Lane adjourned the meeting at 10:30 a.m.

The next scheduled meeting will be held on Tuesday, February 12, 2002.

# HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE GUEST LIST

DATE: February 5, 2002

NAME	REPRESENTING
Scott Heider	KS Assoc. of Fin. Services
Law Huff	St Rep
El Wise	Rep Huff
Carolyn Howard	Rep. Huff
STEVE KARRICK	ATTORNEY GENERAL
Cathy Mulron	KTUA
Jim Mc Cabin	Attorney General
Kenn Barone	Uern/weir chrt.
Philip BRADLEY	K.L.B.A.
Rebecca Rin	KS Chiropractic Assn
Michael Whit	FMCA
John J. Fedorin	KCUA
Terry LEATHERMAN	KCCT
Bill Lenny	KCUA
Ron Hein	Ks Restaurant & Hospitality Association



02-19

# KANSAS

Bill Graves  
Governor

DEPARTMENT OF HUMAN RESOURCES  
*Labor Market Information Services*

Richard E. Beyer  
Secretary

January 31, 2002

The Honorable Al Lane, Chair  
House Business, Commerce and Labor Committee  
State Capitol Building, Room 115-S  
Topeka, KS 66612

Dear Representative Lane:

On Tuesday, January 22, 2002, I appeared before the House Business, Commerce and Labor Committee to present testimony on Kansas unemployment rates and the status of the Unemployment Insurance Trust Fund. Committee members posed several questions. The following responses are provided.

**QUESTION 1.** By statute, Kansas computes the maximum weekly benefit amount (WBA) at 60 percent of the average annual weekly wage in covered employment. In what year did this become effective?

**ANSWER.** 1977

**QUESTION 2.** Are other states' formulas for computing maximum WBA's similar to that of Kansas?

**ANSWER.** Most states index the maximum weekly benefit amount to keep pace with rising wages. In general, maximums are established as a fixed percentage of the statewide average annual weekly wage in covered employment over the last calendar year. Percentages range from 50-70 percent to comply with two long-standing UI maxims:

- the WBA should directly relate to the claimant's usual wage, and
- the WBA should generally replace 50 percent of wages.

Enclosed is an excerpt from the January 2001 edition of *Highlights of State Unemployment Compensation Laws* entitled, "Weekly Benefit Amounts." The article contains information for the nation's 53 state employment security agencies pertaining to methods and formulas used in computing WBA's. You will note the varying state laws and differing computational designs. Column 5 is reflective of state laws relating to computation of maximum WBA's. Though dated as to current amounts, the article is an excellent source of information on state procedural methods.

**House Business, Commerce & Labor Committee**

**2-5-2002**

**Attachment 1**

Page 2  
 Representative Lane  
 January 31, 2002

**QUESTION 3.** What would be the cost to employers if the WBA formula, now 60 percent of the average annual weekly wage, were computed at different levels?

**ANSWER.** The table below reflects the percent and amount change in benefit payments and minimum/maximum tax rates at different levels. Benefit payments increase or decrease incrementally with corresponding increases or decreases in the WBA formula. Had, for instance, the maximum WBA been computed at 70 rather than 60 percent for 2002, the maximum WBA would have been \$389.00 instead of the current \$333.00. Overall, benefit payments would increase by an estimated \$14.6M. The maximum employer tax rate would have increased from 3.13 (\$8,000 x .0313 = \$250.40) to 3.30 percent (\$8,000 x .0330 = \$264.00) resulting in a cost-per-employee increase of \$13.60 (\$264.00 minus \$250.40). An increase in the maximum WBA equal to the statewide average annual wage would increase estimated benefit payments by 28.3 percent, a total of \$58.1M. It should be noted that as maximums and minimums increase, more persons are eligible at greater WBA's. Conversely, some claimants, previously eligible at lower levels, will now be ineligible.

Estimated Benefit Payments and Tax Rates  
 Selected WBA Amounts  
 State Fiscal Year 2002

Percent of Annual Average Weekly Wage	Maximum WBA	Percent of Change in Benefit Payments	Monetary Change in Benefit Payments	Minimum Tax Rate	Maximum Tax Rate
50%	\$278	(7.0%)	(\$14.4M)	0.04	3.00
<b>60%</b>	<b>\$333</b>	<b>na</b>	<b>na</b>	<b>0.04</b>	<b>3.13</b>
70%	\$389	7.1%	\$14.6M	0.04	3.30
80%	\$445	14.2%	\$29.1M	0.04	3.44
90%	\$500	21.2%	\$43.5M	0.04	3.60
100%	\$556	28.3%	\$58.1M	0.05	3.74

*bold italics represent actual State Fiscal Year 2002 amounts*

na Not applicable

**QUESTION 4.** What is the statewide average annual wage for Kansas and nearby states for 2000?

Page 3  
 Representative Lane  
 January 31, 2002

<b>ANSWER.</b>	Arkansas	\$26,307
	Colorado	\$37,167
	Iowa	\$27,928
	<b>Kansas</b>	<b>\$29,357</b>
	Missouri	\$31,386
	Nebraska	\$27,662
	<u>Oklahoma</u>	<u>\$26,980</u>

Source: Bureau of Labor Statistics, U.S. Department of Labor

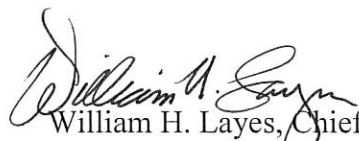
Among the seven states listed, Kansas ranked third in average annual wage. Only Colorado and Missouri placed higher. Reference is made to the enclosed map for full particulars. It should be noted that the average annual wage provided might not be the figure used in each state's computation of its maximum weekly benefit amount.

**QUESTION 5.** What is the projected range of employer tax rates for Kansas employers for rate year 2003?

**ANSWER.** Employer tax rates for rate year 2003 are projected to range from 0.06 to 4.59 percent. The increase in 2003 is due, in large part, to the end of the "phase-in" of taxation effective for rate years 2000-02. The "phase-in" was enacted by the 1999 Legislature to minimize "sticker shock" following the moratorium years, 1995-99. Had the "phase-in" not been implemented, tax rates for positive eligible employers in 2000 would have gone from a zero rate to those in effect during 1994. The "phase-in" was implemented through use of the Fund Control Schedule found in K.S.A. 44-710(a). The Fund Control Schedule is not a schedule of tax rates. Rather, it is used as an adjustment mechanism to achieve the planned yield, i.e. those monies needed to adequately fund benefit costs. Tax rates are adjusted, either higher or lower, through application of this schedule.

We hope this information will prove helpful. If we may be of further assistance please let us know.

Sincerely,

  
 William H. Layes, Chief  
 Labor Market Information Services

WHL:TLG:RES:mm

Enclosures

cc: Members of the House Business, Commerce and Labor Committee  
 Rick Beyer  
 Roger Aeschliman

1-3

# WEEKLY BENEFIT AMOUNTS

Table 18 shows the three methods states use for computing claimants' weekly benefit amounts (WBA). Implicit in all these methods are two long-standing unemployment compensation principles: (1) The weekly benefit amount should be directly related to the individual's usual wage, and (2) the benefit generally should replace 50 percent of wages. Some states compute the weekly benefit as a fraction of the claimant's wages in that calendar quarter of the base period in which wages were highest (employee's high quarter). A  $\frac{1}{26}$  fraction will produce 50 percent wage replacement for claimants who worked all 13 weeks in their high quarter.

States using an average weekly wage formula compute the weekly benefit as a percentage of the claimant's average weekly wage. These states use different methods of computing the average weekly wage. For example, Ohio divides the claimant's base-period wages by the number of weeks of wages.

States using an annual wage formula compute weekly benefits as a percentage of the total wages the claimant earned during the

base period. If the claimant worked steadily for 50 weeks at \$100, for example, the weekly benefit would be \$50, if the fraction is 1.0 percent. With fewer than 50 weeks, the weekly benefit would be less than \$50. Under this formula, the weekly benefit bears no necessary relationship to the worker's normal weekly wage, but rather to the normal annual wage.

Every state has a maximum weekly benefit amount. The maximum represents the point at which some claimants will not receive a 50 percent wage replacement. A \$100 maximum, for example, means that claimants whose normal weekly earnings are higher than \$200 will receive a benefit (\$100) representing less than half their usual wage. A maximum too low in relation to wages will result in most claimants qualifying for the maximum instead of a benefit related to their wages.

As Table 18 shows, a majority of states index the maximum to keep pace with rising wages. They establish the maximum as a fixed percentage (50-70%) of the statewide average weekly wage, usually over the last calendar year.

Table 18—WEEKLY BENEFIT AMOUNTS

State (1)	Method of Computing (see notes 1 & 6) (2)	Mini- mum WBA (3)	Maxi- mum WBA (4)	Maximum as % of State Average WW (5)	Minimum Wage Credits Required for Maximum Weekly Benefit Amount:	
					High Quarter (6)	Base Period (7)
High Quarter(s) Formula (Single HQ unless otherwise noted)						
Alabama	$\frac{1}{24}$ 2HQ's <sup>2</sup>	\$45	\$190		\$4,548.01	\$9,096.02
Arizona	$\frac{1}{25}$	40	205		5,112.50	7,000
Arkansas	$\frac{1}{26}$	57	321	66 $\frac{2}{3}$ %	8,346	8,667
California	$\frac{1}{23}$ - $\frac{1}{33}$	40	230		7,633.34	9,541.67
Colorado	60% or 50% <sup>2</sup>	25	326-358	55 <sup>2</sup>	14,127	37,232
Connecticut	$\frac{1}{52}$ 2HQ's + d.a.	15-22	397-472	60	10,322 <sup>7</sup>	15,880
Delaware	$\frac{1}{46}$ 2HQ's <sup>2</sup>	20	315 <sup>8</sup>		14,490 <sup>10</sup>	14,490
Dist. of Col.	$\frac{1}{26}$ + d.a.	50	309	50	8,034	12,051
Florida	$\frac{1}{26}$ of HQ	32	279-288		7,254	10,881
Georgia	$\frac{1}{48}$ 2HQ's <sup>2</sup>	39	274 <sup>13</sup>		6,576	13,152 <sup>13</sup>
Hawaii	$\frac{1}{21}$	5	383	70	8,043	9,958
Idaho	$\frac{1}{26}$	51	296	60	7,696	9,620
Illinois	49.5% x 2HQ's + d.a. <sup>2</sup>	51	315-417	65 $\frac{1}{2}$	8,248.50	16,497
Indiana	$\frac{1}{20}$ - $\frac{1}{25}$	50	288		6,700	8,375
Iowa	$\frac{1}{19}$ - $\frac{1}{23}$	40-49	273-335	53 <sup>5</sup>	6,100	7,625

1-4

Table 18—WEEKLY BENEFIT AMOUNTS — Continued

State (1)	Method of Computing (see notes 1 & 6) (2)	Mini- mum WBA (3)	Maxi- mum WBA (4)	Maximum as % of State Average WW (5)	Minimum Wage Credits Required for Maximum Weekly Benefit Amount:	
					High Quarter (6)	Base Period (7)
Kansas	4.25%	\$80	\$320	60%	\$7,530	\$9,600
Maine	$\frac{1}{22}$ of 2HQ's <sup>2</sup>	46-56	265-397	52	5,610	6,629.62
Maryland	$\frac{1}{24}$ + d.a.	25-33 <sup>3</sup>	280		6,696.01	10,080
Massachusetts	$\frac{1}{13}$ , $\frac{1}{21}$ - $\frac{1}{26}$ + d.a. <sup>2</sup>	29-43	477-715	57.5	12,402 <sup>16</sup>	14,310
Michigan	4.1%	81	300		7,317	10,976
Minnesota	$\frac{1}{26}$ <sup>14</sup>	38	331	50-66 $\frac{2}{3}$ <sup>5</sup>	8,606	10,757
	$\frac{1}{104}$ <sup>14</sup>	38	427	50-66 $\frac{2}{3}$ <sup>5</sup>	11,102	44,408
Mississippi	$\frac{1}{26}$	30	190		4,940	7,600
Missouri	4.0%	40	250		6,250	9,375
Nevada	$\frac{1}{25}$	16	291	50	7,275	7,275.02
New Mexico	$\frac{1}{26}$	50	267	52.5	6,942	6,942
New York <sup>2</sup>	$\frac{1}{26}$ of HQ	40	405 <sup>2</sup>		10,530 <sup>2</sup>	15,795
North Carolina	HQ/26 <sup>2</sup>	15	375	66 $\frac{2}{3}$	9,750	9,751
North Dakota	$\frac{1}{65}$ of 2HQ's <sup>2</sup>	43	271	62-65 <sup>15</sup>	7,046	17,615
Oklahoma	$\frac{1}{23}$	16	291	X <sup>5</sup>	6,693	10,039
Pennsylvania	$\frac{1}{23}$ - $\frac{1}{25}$ + d.a. <sup>2</sup>	35-40	430-438	66 $\frac{2}{3}$ <sup>5</sup>	10,688	17,120
Puerto Rico	$\frac{1}{11}$ - $\frac{1}{26}$	7	133	50	3,442.01	5,320
Rhode Island	4.62% x HQ	56-106 <sup>12</sup>	397-496 <sup>12</sup>	67	8,593.08	12,889.62
South Carolina	$\frac{1}{26}$ <sup>2</sup>	20	259	66 $\frac{2}{3}$ <sup>9</sup>	6,734	10,101
South Dakota	$\frac{1}{26}$	28	224	50	5,824	10,304
Tennessee	$\frac{1}{52}$ 2HQ's	30	255		6,630.01	13,260.02
Texas	$\frac{1}{25}$	48	294		7,350	10,878
Utah	$\frac{1}{26}$	22	355	65 <sup>5</sup>	9,230	13,845
Vermont	$\frac{1}{45}$ 2HQ's <sup>2</sup>	31	298	X <sup>5</sup>	—	13,410
Virginia	$\frac{1}{50}$ 2HQ's <sup>2</sup>	50	268		13,400.01 <sup>10</sup>	13,400.01
Virgin Islands	$\frac{1}{26}$	33	312	65	8,112	12,168
Washington	$\frac{1}{25}$ 2HQ's <sup>2</sup>	102	478	70	11,950	23,900
Wisconsin	4.0%	46	313		7,825	9,390
Wyoming	4.0%	20	271	55 <sup>5</sup>	6,775	9,485
Annual Wage Formula						
Alaska	4.4-.09 + d.a. <sup>2</sup>	44-68	248-320			26,750
Kentucky	1.3078 <sup>2</sup>	39	329	62 <sup>5</sup>		25,119
Louisiana	$\frac{1}{25}$ 4 qtrs. <sup>2</sup>	10	258	66 $\frac{2}{3}$ <sup>4</sup>		24,843
New Hampshire	0.8-1.1	32	301			29,500
Oregon	1.25	88	376	64		30,080
West Virginia	1.0	24	327	66 $\frac{2}{3}$		30,850
Average Weekly Wage Formula						
Montana	1.9% 2HQ or 1.0% total BP wages	65	263	60		13,842 for 1.9% option; 26,300 for 1.0% option
Nebraska	50% of $\frac{1}{13}$ of HQ	36	252	50%	6,552	7,352
New Jersey	60% d.a. <sup>3</sup>	61	446	56 $\frac{2}{3}$		14,866.67 <sup>11</sup>
Ohio	50 + d.a. <sup>3</sup>	84	303-407 <sup>3</sup>	X <sup>5</sup>		12,120

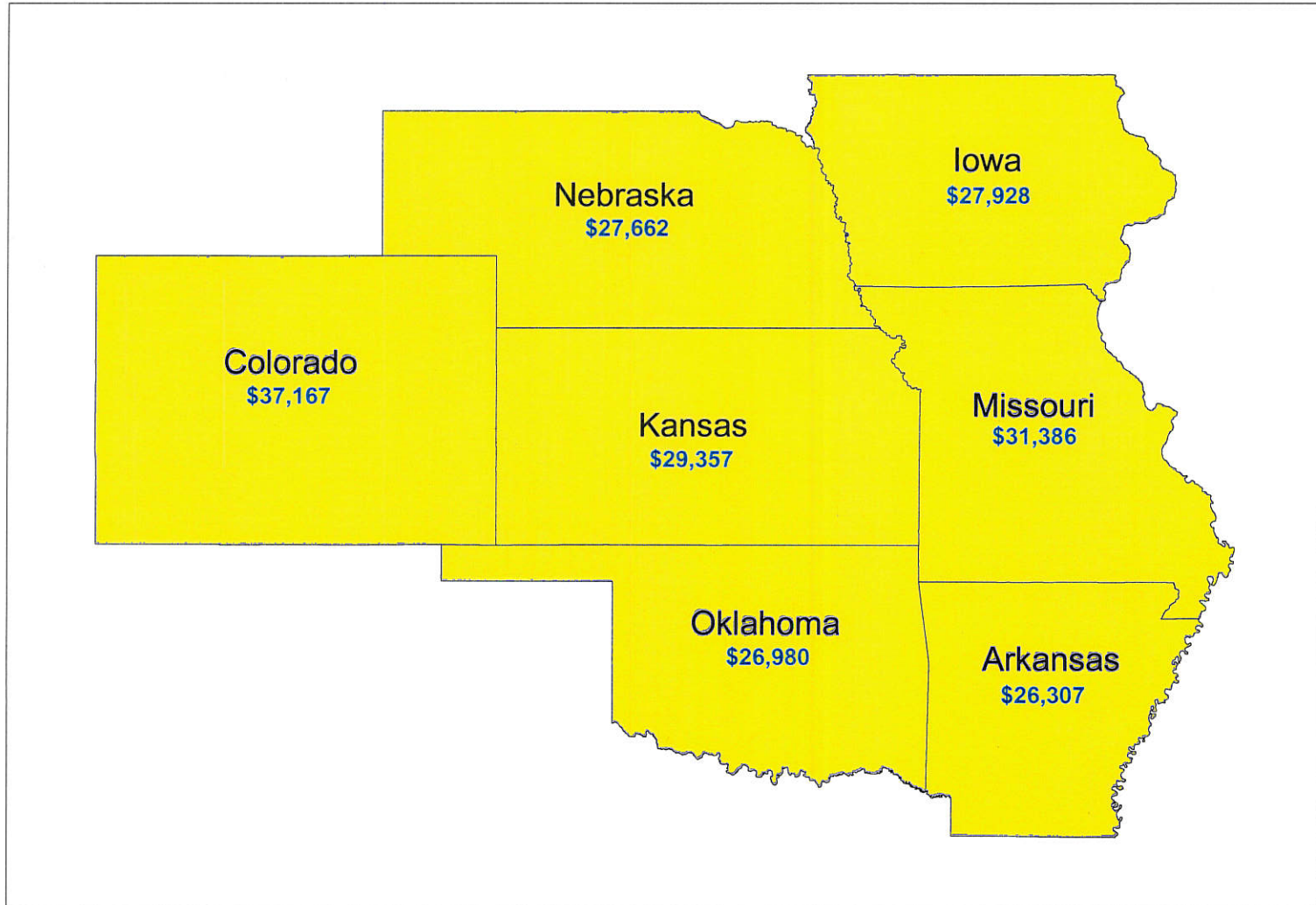
1-5



1. Unless noted separately, when two fractions are given, a weighted schedule is in use to give a greater proportion of high quarter wages to lower paid workers.
2. **Alabama:**  $\frac{1}{24}$  of average of 2 highest quarters. **Alaska:** if over 90% of wages earned in one quarter, base period will be the other 3 quarters times 10. **Colorado:** 60% of  $\frac{1}{26}$  of 2 highest consecutive "base period" quarters up to 50% of SAWW or 50% of  $\frac{1}{52}$  of base period earnings up to 55% of SAWW, whichever is greater. **Delaware:**  $\frac{1}{46}$  of total wages in two high quarters if trust fund balance is \$90 million or more,  $\frac{1}{52}$  of total wages in two high quarters if fund is less than \$90 million. **Georgia:**  $\frac{1}{48}$  of wages in 2 highest quarters or  $\frac{1}{24}$  of HQ if secondary calculation is required. **Illinois:** 49.5% of claimant's wages in highest 2 quarters divided by 26. **Kentucky:** of the total base period wages. **Louisiana:**  $\frac{1}{25}$  of average of four quarters, also the WBA reflects a 5% decrease and a 20% increase from the computed maximum. **Maine:**  $\frac{1}{22}$  of the average of the two highest quarters. **Massachusetts:** if AWW is more than \$66, WBA is  $\frac{1}{52}$  of 2HQ, or  $\frac{1}{26}$  of HQ if the claimant has no more than two quarters of work. **New York:** the qualifying high quarter wage needed for benefit eligibility has been capped at 22 x maximum wba. A claimant may also request, within 10 days of being notified of their eligibility and only if claimant worked at least 20 weeks during BP, to have their wba recomputed based upon half their average weekly wage during the BP that established their eligibility. **North Carolina:** total wages in highest quarter divided by 26 and rounded down to the nearest whole dollar. **North Dakota:**  $\frac{1}{65}$  of sum of total wages in highest two quarters and  $\frac{1}{2}$  wages in third highest. **Pennsylvania:**  $\frac{1}{23}$ - $\frac{1}{25}$  or 50% full-time weekly wage, whichever is greater. **South Carolina:** 50% of average weekly wage in high quarter. **Vermont:** computed as wages in the two highest quarters divided by 45 but not more than the maximum. **Virginia:**  $\frac{1}{50}$  of total wages earned in two highest quarters. **Washington:**  $\frac{1}{25}$  of the average of the two highest quarters.
3. When two amounts are given, higher figure includes dependents' allowances. Augmented amount for maximum weekly benefit amount includes allowances for maximum number of dependents. **Ohio:** dependents' allowances available only to claimants who exceed max. WBA earnings requirement. **District of Columbia, Maryland, New Jersey:** maximum is the same with or without dependents.
4. **Louisiana:** maximum WBA varies according to trust fund balance.
5. Among states with maximums computed as % of State Average Weekly Wage (SAWW), **Iowa:** 53% for claimants with no dependents, other percentages ranging from 55% to 65% apply to claimants with one or more dependents. **Kentucky:** annual increase limit depends on UI trust fund balance, no increase if tax schedule increases from previous year. **Minnesota:** uses one of two computing methods, the max. SAWW ranges from 50-66 $\frac{2}{3}$ % depending on the individual's HQ or BP. **Ohio:** adjusted annually to change in SAWW. **Oklahoma:** the greater of \$197 or 60%-50% of SAWW depending on condition of the fund. **Pennsylvania:** for WBA's  $\frac{1}{2}$  of maximum or more, (when fund balance ratio 50% or less) the combined WBA and allowance is reduced by 3.7% but not below  $\frac{1}{2}$  of maximum, unless other deductions apply. **Utah:** 65% of insured average fiscal year weekly wage. **Vermont:** maximum adjusted annually to change in SAWW, unless there are outstanding Title XII loans. **Wyoming:** maximum frozen and if revenues are insufficient to pay benefits or repay loans maximum reduced to 85% of maximum.
6. When state uses weighted HQ, annual wage, or AWW formula, approximate fractions or percentages are taken at midpoint of lowest and highest normal wage brackets. When additional payments are provided for claimants with dependents, fractions and percentages shown apply to basic benefit amounts.
7. Average of two highest quarters.
8. **Delaware:** if trust fund balance is \$200-\$249 million, the maximum WBA will be \$300; if balance is \$165-\$199 million the maximum WBA will be \$265; if balance is \$150-\$164 million the maximum WBA will be \$245; if balance is \$91-\$149 million the maximum WBA will be \$225; if less than \$90 million, maximum WBA will be \$205.
9. **South Carolina:** maximum permitted by law, currently administratively set at 50%.
10. **Delaware, Virginia:** highest two quarter earnings.
11. **New Jersey:** minimum wage credit is \$5,200 under alternative eligibility criterion for claimants with less than 20 base weeks.
12. **Rhode Island:** minimum wba is \$56 + \$10 x WA up to \$106; maximum wba is \$397 + DA up to \$496.
13. **Georgia:** the sum of two highest quarters. Effective July 1, maximum wba will rise unless the statewide reserve ratio is below 1.25%.
14. **Minnesota:** computed by either  $\frac{1}{26}$  of claimant's high quarter, or  $\frac{1}{104}$  of claimant's average base period weekly wage, depending on disbursements received during employment.
15. **North Dakota:** 62% of SAWW unless the average contribution rate paid by employers was below the national average, than it will be 65%.
16. **Massachusetts:** with earnings in two or fewer quarters, or as the average of the two highest quarters with earnings in three quarters or more.

1-6

# Average Annual Wage in Covered Employment CY 2000



Source: Bureau of Labor Statistics, US Dept. of Labor

**House Business, Commerce and Labor Committee**  
February 5, 2002

Requested Committee Bill Introduction  
By: Kansas Chiropractic Association  
Rebecca Rice, Legislative Counsel

Mr. Chairman and committee members, thank you for allowing the Kansas Chiropractic Association to request committee introduction of legislation making changes in the state's worker's compensation statutes.

The changes we are requesting would amend two of those statutes:

- (1) KSA 44-510h. Medical compensation; change of health care provider; examination by alternate health care provider; faith healing; preventative hepatitis treatment.**

The KCA is requesting an increase from \$500 to \$1500 in the amount allowed to an employee to expend on care from the health care provider of the employee's choice before required to utilize health care providers chosen for the employee.

**(2) KSA 44-508 Definitions**

The KCA is requesting that the definition for *peer review committee* be changed to require the committee members have a license to practice in Kansas; be actively engaged in their licensed profession; and not derive a majority of their income from peer review and witness fees.

Thank you for allowing us to request introduction of these concepts as committee bills.

## **HB 2674**

Thank you, Chairman Lane, Vice-Chairman Long, and Ranking Minority Ruff. It is a pleasure to appear and testify before the Business, Commerce and Labor Committee. This committee produced one of the most significant bills a few years ago on Workers' Comp. This committee has always been very consumer and business friendly!

Now picture this scenario. You buy a \$100 gift certificate for your husband's or wife's birthday. You pay the money up front to the retailer, and he deposits it in his day's receipts. You give the gift certificate, and it gets placed in a drawer at home. For one reason or another, the gift certificate doesn't get used for a while. It may even be forgotten for several months—even a year. You finally find the certificate and go to the retailer to redeem it, only to find that it has expired, and the retailer refuses to honor it. Now, remember, the retailer already accepted your \$100 and happily deposited it in his bank account.

House Bill 2674 would make a gift certificate purchased by an individual non-expiring—period! When someone pays for a gift certificate up front, they should be able to redeem it any time they choose. This is just common sense.

Mr. Chairman, this is a simple bill, and I would be glad to stand for questions.

Rep. David Huff

House Business, Commerce & Labor Committee

2-5-2002

Attachment 3

Salon  
**Bliss**  
Spa & Day Spa

Date: 12-24-01

Certificate Expires:

13088

7-1-02

Gift Certificate

A Gift For:

Debbie Wise

Service:

Day of Bliss #2

From:

Blake Nelson

This gift certificate has a non-refundable cash value and must be presented at the time of service. All Bliss packages require a 48 hour cancellation notice, or 50% of the certificate value will be deducted.

Authorized Signature

Emily Yarnall

Code #

0031901

11904 W. 119th Street • Overland Park, KS 66213

913-451-7780

Thank you, Chairman Lane, Vice Chairman Long, and Ranking Minority Ruff.

I purchased a gift certificate in December of 2000 as a Christmas present for my wife. The certificate was for a massage and I paid \$125.00 in cash. I bought the certificate at the Quivera Health Club in Shawnee. However, the health club passed the money to a massage therapist who was acting as an independent contractor. The certificate had an expiration date of June 30, 2001. My wife set it aside and forgot about it. She found it again near the end of June. She called the masseuse to schedule an appointment. The masseuse informed her that her schedule was full until after the Fourth of July. My wife asked her if the expiration date could be extended under the circumstances. The answer was no. The only alternative was to get the massage from her colleague who was not as good in my wife's opinion. I was incredulous. The masseuse took \$125.00 in payment in advance for this service. Yet when it was time to deliver, she was going to invoke the expiration date. This to me is just like stealing!

I am in full support of House Bill 2674. It would make the dubious practice of expiration dates on gift certificates purchased in advance by a consumer illegal. These certificates should never expire. I do agree that if the cost of delivering the service rises after a reasonable period of time, then the customer should be responsible for the difference. This could be clearly stated on the gift certificate. To just pocket the money and fail to provide the goods or services is ridiculous.

Mr. Chairman, this bill should pass easily and I would be happy to answer any questions.

Edward H. Wise  
Shawnee, Kansas

# HEIN AND WEIR, CHARTERED

*Attorneys-at-Law*

5845 SW 29<sup>th</sup> Street, Topeka, KS 66614-2462

Telephone: (785) 273-1441

Telefax: (785) 273-9243

*Ronald R. Hein*

Email: [rhein@hwchtd.com](mailto:rhein@hwchtd.com)

*Stephen P. Weir\**

Email: [sweir@hwchtd.com](mailto:sweir@hwchtd.com)

\*Admitted in Kansas & Texas

**Testimony re: HB 2674  
House Business, Commerce and Labor Committee  
Presented by Ronald R. Hein  
on behalf of  
Kansas Restaurant and Hospitality Association  
February 5, 2002**

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for the Kansas Restaurant and Hospitality Association. The KRHA is the trade association for restaurant, hotel, lodging and hospitality businesses in Kansas.

KRHA does not object to the concept of HB 2674, nor to the intent of its chief sponsor, Rep. David Huff, as we understand that intent. We have indicated to Rep. Huff that we have some concerns, and we believe that these concerns can be worked out.

However, as the bill is currently worded, our Association has several concerns which we would hope could be addressed and hopefully solved prior to this legislation being enacted.

When someone purchases a gift certificate for a stated monetary value, and that gift certificate expires and the recipient of the gift certificate is not able to redeem that certificate due to its expiration, that can certainly be a frustrating process. Our Association understands the intent to remedy that specific situation.

However, both the restaurant and lodging industries deal with gift certificates, some of which are purchased, some of which are donated, some of which are for specific monetary values, and some of which are for specific items or services. If legislation is enacted to deal with all gift certificates, then we believe it is necessary for the legislation to recognize the specific situations that are encompassed in these types of different certificates.

As background, I want to inform the committee that different restaurants and lodging facilities sometimes utilize different recording and accounting provisions regarding gift certificates which are issued. However, there is oftentimes time and expense in providing gift certificates, accounting for them, and keeping track of them. We have not had time to survey our entire membership regarding their different processes.

February 4, 2002

Page 2

The ability to redeem gift certificates at any time, by prohibiting an expiration date, and especially the ability to redeem the certificate in cash, places the facility in a situation where they are not able to recover the cost of accounting for or keeping track of such certificates, if those certificates survive over a long period of time.

We also believe this legislation should contain some sort of provision regarding gift certificates which are attempted to be redeemed at entities which are successor entities to the original issuing business. For example, if a restaurant or other business is sold, is it necessary to record any outstanding certificates as a liability against the company? It is unclear how these transactions would be covered under the provisions of this bill. We believe that issue should be addressed.

Under the current draft of HB 2674, there is no exemption for gift certificates which are given to non-profit entities as donations. The exceptions from the provisions of the bill set out in Sec. 1(c)(1) are limited only to gift certificates for "an awards, loyalty or promotional program", and does not include charitable gift certificates. We believe there should be an exemption for charitable gift certificates so that the business will not be forced to continue to account for them beyond some date designated by the donor.

Although Sec. 1(c)(2) provides an exemption for "gift certificates that are sold below face value at a volume discount to employers or to non-profit and charitable organizations for fundraising purposes", it appears that the exemption only applies for certificates which are "sold". If the intent of that exception was to include "gifts", we would ask that the language be clarified. We are also concerned why that exemption is only applicable for gift certificates for a redemption period of less than 30 days. Under the current language, it is questionable how that would be handled.

Since Sec. 1(a) uses the word "sell", it would appear that Sec. 1(a) is not even applicable to gift certificates which are issued to a non-profit or anybody else in the form of a gift, but that is not clear.

Some gift certificates are for a certain value of service. For example, a lodging facility might give "one free night's stay" certificates. If those are issued on a particular date, they might have a specific value on that date, but it is possible that, at a later day, the price of that room would be significantly more. Such increases in value might be well beyond any inflationary adjustments.

For example, if a lodging facility was going through an extensive remodeling project, if they wanted to issue gift certificates with a specific expiration date so as to provide a



February 4, 2002

Page 3

service at a reduced rate during the time that they are remodeling, this legislation would prohibit that. Somebody would be able to purchase the gift certificate at the reduced "remodel" rate, and after the facility is upgraded and remodeled, then be able to redeem the certificate at a time when the value of the one night's stay is at a substantially higher value.

It is also questionable how the provision of Sec. 1(a) regarding redemption in cash would apply to a gift certificate that specifies a certain service. For example, would a gift certificate for a particular item be redeemable in cash at a later date, perhaps years later, when the value of that item or service might be substantially higher than the inflation adjusted rate of that item or service. That would seem to be unfair to the business that issued the gift certificate in the first instance.

Lastly, violation of this section would constitute "an unconscionable act" as defined by K.S.A. 50-627. That section is a portion of the consumer protection act, which can subject the business to substantial penalties including damages, civil penalties up to \$5,000, and class action lawsuits. This act would not just simply require the business to honor the gift certificate, it would subject the business to substantial litigation costs and penalties well beyond the value of any certificate that would ever be given away or sold by any of our members. This will certainly have a chilling effect on restaurants and lodging facilities selling or giving away gift certificates that, in essence, can never have an expiration date.

We would offer to work with Rep. Huff or this committee to attempt to arrive at some compromise legislation which would solve the problems which the sponsor is attempting to solve, without creating more problems that would significantly adversely impact our businesses.

Thank you very much for permitting me to testify and I will be happy to yield to questions.

# LEGISLATIVE TESTIMONY



*The Unified Voice of Business*

835 SW Topeka Blvd. • Topeka, KS 66612-1671 • 785-357-6321 • Fax: 785-357-4732 • E-mail: [kcci@kansaschamber.org](mailto:kcci@kansaschamber.org) • [www.kansaschamber.org](http://www.kansaschamber.org)

HB 2674

February 5, 2002

## KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

House Business, Commerce and Labor Committee

by

Marlee Carpenter  
Executive Director, Kansas Retail Council

Mr. Chairman and members of the Committee:

My name is Marlee Carpenter and I am the Executive Director of the Kansas Retail Council.

We are here today not in support or opposition of HB 2674, but to provide information to the Committee given to us by our retail members.

HB 2674 would require that a gift certificate purchased by a consumer be valid until redeemed or replaced. We have members that do not put an expiration date on gift certificates purchased by

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 2,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 48% of KCCI's members having less than 25 employees, and 78% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

**House Business, Commerce & Labor Committee**

**2-5-2002**

**Attachment 6**

consumers and do not have concerns with this measure. However, other retail members are concerned with the elimination of expiration dates.

Kansas' retailers state that expiration dates encourage customers to remember their gift certificates and to use them. Gift certificates are voluntary and are offered by a company as a convenience to its customers. If too many restrictions are placed on them, the value of issuing them may be diminished. Retailers state that only .5% of gift certificates are redeemed after 24 months.

In addition, if this bill is enacted, some retailers will carry any unused gift certificate amount forward on their balance sheets. Some Kansas retailers state that the offsetting cash to balance out old gift certificates must be escrowed or set aside in a separate account. In some of our retailers' stores, the company cannot recognize the financial benefit of the transaction until the certificate is redeemed or it expires. For retailers that issue many gift certificates, this may turn into a bookkeeping nightmare.

We appreciate the committee's consideration of retailer concerns and thank you for your time. I will be happy to answer any questions.



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: (785) 291-3699

CONSUMER HOTLINE  
1-800-432-2310

Testimony of  
Steve Rarrick, Deputy Attorney General  
Consumer Protection Division  
Office of Attorney General Carla J. Stovall  
Before the House Business, Commerce & Labor Committee  
RE: House Bill 2674  
February 5, 2002

Chairperson Lane and Members of the Committee:

Thank you for the opportunity to appear on behalf of Attorney General Carla J. Stovall today to testify in support of House Bill 2674. My name is Steve Rarrick and I am the Deputy Attorney General for Consumer Protection.

As you can imagine, consumers are typically upset upon learning a business will not honor a gift certificate they have received (or purchased for another) simply because a specified time has expired, since from their perspective the business has received full payment and has incurred no cost in product or services. Our office has always taken the position that expiration dates on gift certificates are material facts which must be disclosed to the purchaser at the time of the purchase, and must be clearly and conspicuously disclosed on the face of the gift certificate to apprise the holder of such expiration date. Failure to provide these disclosures, in our opinion, constitutes a deceptive act and practice under the Kansas Consumer Protection Act (KCPA). However, if the expiration dates and any material redemption limitations are clearly disclosed, we are without any authority to assist consumers.

We have some suggested balloon amendments to the bill, which I will describe below:

- We would suggest striking the words "person, firm, partnership, association or corporation" on lines 12-13, and replacing them with "supplier," a term defined in the KCPA.
- We would propose striking the words "in cash" and "cash value" in paragraph (a) on line 15, and insert "face value in property or services." We believe the current language requiring gift certificates to be "redeemable in cash for its cash value ..." is broader than the proponent of the bill intended, and if left as drafted could result in unintended and unfair losses to businesses. For example, an unscrupulous person desiring a cash advance on his/her credit card without incurring a cash advance fee could purchase a \$200 gift certificate, then return the next day and demand to redeem the gift certificate in cash. Since retailers typically incur

**House Business, Commerce & Labor Committee**

**2-5-2002**

**Attachment 7**

a 3% cost in taking credit cards (a cost they offset from the margin of profit on the product or service sold), they would incur a loss in such transactions.

- If the intent of the remaining language on line 15, “or subject to replacement with a new gift certificate at no cost to the purchaser or holder”, is to provide the consumer credit for amounts remaining when the consumer redeems the gift certificate for property or services in amounts less than the face value of the gift certificate, we would suggest striking the word “or” at line 15, and replacing it with “and any remaining amount on the gift certificate shall be” or similar words to clarify this intent. We have assumed this is the intent of this language since we hear from consumers about this issue from time to time.
- We are not sure why the exemption in (c)(2) at lines 28-29 for gift certificates purchased below face value at a volume discount to employers and nonprofit and charitable organizations is authorized for expiration dates of 30 days or less. In our view, this would promote short expiration times and result in lost redemption by Kansas consumers in those situations. While we understand these may be sold below face value in part because of the short expiration date, 30 days would appear to be too short for any meaningful redemption by most consumers. We would suggest replacing the word “more” at line 28 with the word “less,” the number “30” at line 29 with the number “45” or “60,” and replace the word “sale” with the phrase “issuance to the recipient.”
- We would propose inserting “and K.S.A. 17-1769” in paragraph (d) at line 31, after “50-627.” This will make gift certificates issued by charitable organizations and solicitors without expiration dates an unconscionable act under the Charitable Organizations and Solicitations Act as well as the KCPA, which appears to be the intent of the bill, given the exemption in paragraph (c)(2).

On behalf of Attorney General Stovall, I urge you to pass this bill out favorably with our proposed amendments. I would be happy to answer questions of the Chair or any member of the Committee.

HOUSE BILL No. 2674

By Representative Huff

1-23

AN ACT relating to gift certificates; concerning certain restrictions.

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

Section 1. (a) On and after January 1, 2003, no ~~person, firm, partnership, association or corporation~~ shall sell a gift certificate to a purchaser containing an expiration date. Any gift certificate sold after that date shall be redeemable ~~in cash~~ for its ~~cash value~~ or subject to replacement with a new gift certificate at no cost to the purchaser or holder.

(b) A gift certificate sold without an expiration date is valid until redeemed or replaced.

(c) This section shall not apply to any of the following gift certificates issued on and after January 1, 2003, provided the expiration date appears in capital letters in at least 10-point font on the front of the gift certificate:

(1) Gift certificates that are distributed by the issuer to a consumer pursuant to an awards, loyalty or promotional program without any money or other thing of value being given in exchange for the gift certificate by the consumer; or

(2) gift certificates that are sold below face value at a volume discount to employers or to nonprofit and charitable organizations for fund-raising purposes if the expiration date on such gift certificates is not ~~more than 90~~ days after the date of ~~sale~~.

(d) Violation of this section shall be deemed an unconscionable act as defined by K.S.A. 50-627, and amendments thereto.

(e) This section shall be part of and supplemental to the Kansas consumer protection act.

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

supplier

face value in property or services and any remaining amount on the gift certificate shall be

less  
60

issuance to the recipient.  
and 17-1769

## **H B - 2676 - CREDIT CARD**

Thank you again, Mr. Chairman.

HB - 2676 would help to protect consumers from credit card fraud. This bill would make it mandatory for all retailers to xxx out at least all but the last five numbers of credit cards when you make your credit card purchases. This should be done on both the customer and the retailer copy. Many retailers already do this, but many do not. Numerous times, credit card numbers are copied from receipts and are then used to make purchases over the phone or on the internet. Fraudulent credit card use is a big business across our country and our state. Anywhere that you use your credit card, the original copy or receipt could be taken by a dishonest employee and copied. I myself have inadvertently forgotten to pick up my receipt when the purchase has been small. Discarded receipts could also be found and copied.

Mr. Chairman, this is a good consumer protection bill for the citizens of Kansas. I will be glad to stand for questions.

Rep. David Huff

CEDAR NILES 66  
1800 E. SANTE FE  
GARDNER, KS 66030

CEDAR NILES 66  
1800 E SANTE FE  
GARDNER KS  
STORE NUMBER  
9800460017

DATE: 12/09/01  
TIME: 11:38:49  
TONYA PHIPPS

M/C XX/XX ACCT#  
XXXX XXXX XXXX 4710

GOOD!

PUMP# 9  
UNLEAD 7.817G  
SELF  
PRICE/GAL \$1.049  
FUEL TOTAL \$8.20  
TOTAL \$8.20

INVOICE# 004960  
AUTH# 903650

THANK YOU FOR  
SHOPPING AT  
CEDAR NILES 66

STONEWALL INN RESTAURANT  
10240 PFLUMN  
LENEXA, KS 66215

DATE: DEC12'01 01:32PM

CARD TYPE: VISA

ACCT #: 4356002505046480

EXP DATE: 01/02

AUTH CODE: 023197

CHECK: 2281

GST CHK ID: 1

SERVER: 68 TONYA

BAD!

SUBTOTAL: \$ 5.00

TIP 2.00

TOTAL 7.00

SIGNATURE



THANK YOU!!!!  
MERCHANT COPY



# CARD: Scam involves scores of credit accounts

Continued from A-1

employees, and showed a motel clerk a letter that said a woman was Pierce's sister and was authorized to use her card, police said.

Police detectives looked through the room and found a handwritten list of 145 account and Social Security numbers. The entries were dated from July through November 2001.

The detectives sent phone messages to everyone on the list, and doubt that there are any other victims.

Pierce, whose Visa number was one of the last on the list, remembers the man knocking on her door in Independence the week after Thanksgiving. It was dark, but the stranger quickly put her at such ease that she invited him inside to hear more about his sales pitch.

"I felt real comfortable with him in my home," Pierce said. "He seemed suave and very professional."

She gave him her Visa number, had the security system installed

and never worried about the transaction until police told her about the arrest Wednesday.

The man had been working as a private contractor for Kansas City Security Systems, which is based near the Overland Park motel. He eventually stopped going to work but never told the company he was quitting, co-owner Glenn Golden said.

"We're...trying to run a great business, an ethical business," said Golden.

He said his company was working with police to make sure customers wouldn't have to pay any fraudulent charges.

"We want to make sure our customers aren't inconvenienced," he said.

Golden said he told Pierce he would pay the \$50 maximum charge that she could be held responsible for. He said he wanted to help prosecute if someone cheated other customers.

Golden said he didn't know how long the man had contracted as a salesman for Kansas City Security Systems but doubts he held the job

## Protect yourself

You can't always prevent credit card fraud. But there are some steps you should take:

- **Check statements** every month to be sure charges are accurate.
- **Sign cards** as soon as you get them.
- **Record account numbers**, card expiration dates and the telephone numbers and addresses of card issuers.
- **When signing** a receipt, draw a line through any blank space above the total.
- **Write "void"** on incorrect receipts.
- **Never sign** blank receipts.
- **Destroy** carbons.
- **Keep receipts** to compare with billing statements and check the bills as soon as they arrive.
- **Report any questionable** charges promptly and in writing to the card issuers.
- **Notify card companies** in advance if your address will change.
- **Never lend cards** to anyone.
- **Don't give out** account numbers over the phone unless you are calling a company you know is reputable.

### Reporting losses, fraud

If your cards are lost or stolen, immediately call the issuers. Many companies have toll-free numbers and 24-hour service. By law, once you report the loss or theft, you have no further responsibility for unauthorized charges. In any event, your maximum liability under federal law is \$50 per card.

### How to get help

For more information on consumer issues, call the Federal Trade Commission toll-free at **1-(877)-FTC-HELP (1-877-382-4357)** or check its Web site, [www.ftc.gov](http://www.ftc.gov).

Source: Federal Trade Commission

The Kansas City Star

long enough to have collected information on 145 customers as police think. He was not sure whether the company ran a background check on the man but said he would require checks of private

contractors in the future.

To reach Richard Espinoza, Johnson County police reporter, call (816) 234-7714 or send e-mail to [respinoza@kcstar.com](mailto:respinoza@kcstar.com).

# Credit card scammer tarries too long

By RICHARD ESPINOZA  
The Kansas City Star

Laurie Pierce was startled to open her credit card bill Wednesday and discover she'd been charged \$100 for a room at an Overland Park motel she never had visited.

But a call to the motel left her even more surprised.

A clerk told her she was staying in the room at that very moment — and had been for a month.

Pierce called police.

At the motel room, detectives found a former security system salesman who they think had been living off credit card numbers he stole from 145 customers.

Police arrested the man and a woman they said was living with him. Neither had been charged by Thursday afternoon.

Since at least Dec. 16, police said, the man and woman have been charging cab rides, take-out food and the room at Microtel Inn & Suites, 8750 Ballentine St. They rented the room and bought a \$30 meal on Pierce's Visa account, then switched to other credit card numbers and kept charging until Pierce called police, investigators said.

Police had found at least \$1,700 in fraudulent charges on Pierce's card and another. They were looking for other unauthorized charges on other cards.

The two had a card in the name of one victim, but made purchases without cards using only the names, account numbers and card expiration dates of other people. They gave the numbers over the phone to restaurant and cab

See CARD, A-6

Credit Card Receipt Legislation  
September 12, 2001

2001

California

S.B. 1050

[http://www.leginfo.ca.gov/pub/bill/sen/sb\\_1001-1050/sb\\_1050\\_bill\\_20010327\\_amended\\_sen.html](http://www.leginfo.ca.gov/pub/bill/sen/sb_1001-1050/sb_1050_bill_20010327_amended_sen.html)

Requires the Department of Consumer Affairs by March 31, 2002, to recommend to the Legislature a system to ensure that businesses are complying with the prohibition of printing more than five credit number digits and a system to encourage or require retail businesses to check the identity of each person using a check or credit card to make a purchase, by requiring the person to produce identification that includes his or her photograph.

Louisiana

225-342-0500

H.B. 512

[http://www.legis.state.la.us/leg\\_docs/01RS/CVT6/OUT/0000151E.PDF](http://www.legis.state.la.us/leg_docs/01RS/CVT6/OUT/0000151E.PDF)

Restricts the amount of information that may appear on an electronically printed credit card or debit card receipt.

H.B. 626

Signed by governor 6/22/01, Act 584

[http://www.legis.state.la.us/leg\\_docs/01RS/CVT8/OUT/0000J233.PDF](http://www.legis.state.la.us/leg_docs/01RS/CVT8/OUT/0000J233.PDF)

Restricts the amount of information that may appear on an electronically printed credit card receipt.

*Card Machines  
and Printer!  
What committee?*

New York

A.B. 8453

<http://assembly.state.ny.us/leg/?bn=A08453&sh=t>

S.B. 4697

<http://assembly.state.ny.us/leg/?bn=S04697&sh=t>

Prohibits businesses from printing charge, credit, or debit card numbers on receipts that are electronically created.

Pennsylvania

S.B. 348

<http://www.legis.state.pa.us/WU01/LI/BI/BT/2001/0/SB0348P0363.HTM>

Amends the Credit Card Information Act, prohibiting certain credit card information on receipts.

**West Virginia**

S.B. 617

[http://129.71.161.247/bill\\_status/2001/Flist\\_Last-First\\_Sen.cfm](http://129.71.161.247/bill_status/2001/Flist_Last-First_Sen.cfm)

Requires retail merchants to destroy receipts of consumer credit card transactions.

**Wisconsin**

A.B. 459

<http://www.legis.state.wi.us/2001/data/AB-459.pdf>

Prohibits the disclosure of information on credit and debit card receipts for the purchase of motor fuel.

2000

**Washington**

H.B. 2410

Signed by governor 3/27/00, Chapter 163

[http://www.leg.wa.gov/sl/1999-00/2410-s\\_sl.txt](http://www.leg.wa.gov/sl/1999-00/2410-s_sl.txt)

Prohibits a person who accepts credit cards for the transaction of business from electronically printing more than the last five digits of the credit card account number or print the credit card expiration date on a credit card receipt to the cardholder.

1999

**California**

S.B. 930

Chaptered by secretary of state 9/16/99, Chapter 423

[http://www.leginfo.ca.gov/pub/99-00/bill/sen/sb\\_0901-0950/sb\\_930\\_bill\\_19990916\\_chaptered.html](http://www.leginfo.ca.gov/pub/99-00/bill/sen/sb_0901-0950/sb_930_bill_19990916_chaptered.html)

Prohibits, after certain dates, a person who accepts credit cards for the transaction of business from printing more than the last five digits of the credit card account number or the expiration date upon any receipt provided to the cardholder, subject to an exception.

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2410

Chapter 163, Laws of 2000

56th Legislature  
2000 Regular Session

CREDIT CARDS--RECEIPTS

EFFECTIVE DATE: 7/1/01

Passed by the House February 10, 2000

Yeas 97 Nays 0

CLYDE BALLARD

Speaker of the House of Representatives

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 1, 2000

Yeas 45 Nays 0

CERTIFICATE

We, Timothy A. Martin and Cynthia Zehnder, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is SUBSTITUTE HOUSE BILL 2410 as passed by the House of Representatives and the Senate on the dates hereon set forth.

CYNTHIA ZEHNDER

Chief Clerk

TIMOTHY A. MARTIN

Chief Clerk

BRAD OWEN

President of the Senate

Approved March 27, 2000

FILED

March 27, 2000 - 4:41 p.m.

GARY LOCKE

Governor of the State of Washington  
State of Washington

Secretary of State

SUBSTITUTE HOUSE BILL 2410



# NATIONAL CONFERENCE of STATE LEGISLATURES

*The Forum for America's Ideas*

1560 Broadway, Suite 700  
Denver, Colorado 80202  
Phone: (303) 830-2200  
Fax: (303) 863-8003  
www.ncsl.org

To: Representative Dean Newton  
Fax: 816-531-7545

From: Heather Morton x. 216

Message: The credit card receipt legislation follows. I have included the bill text for California, Louisiana and Washington. If you have additional questions, please do not hesitate to contact me.

Number of pages sent  
(including this cover sheet): 11

Date: Dec. 11, 2001

**Mark your calendar!**



**2002 Leader to Leader Meeting**  
*February 6 - 8, 2002*  
*Washington, D.C.*

Join legislative leaders in Washington, D.C., to confer with top officials in the administration and discuss important issues with congressional leaders.

Don't miss the opportunity to be in our nation's capital at this critical time.

For more information,  
call Carl Tubbesing or Michael Bird at (202) 624-5400.

# LEGISLATIVE TESTIMONY



*The Unified Voice of Business*

835 SW Topeka Blvd. • Topeka, KS 66612-1671 • 785-357-6321 • Fax: 785-357-4732 • E-mail: [kcci@kansaschamber.org](mailto:kcci@kansaschamber.org) • [www.kansaschamber.org](http://www.kansaschamber.org)

HB 2676

February 5, 2002

## KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

House Business, Commerce and Labor Committee

by

Marlee Carpenter  
Executive Director, Kansas Retail Council

Mr. Chairman and members of the Committee:

My name is Marlee Carpenter and I am the Executive Director of the Kansas Retail Council.

We are here today not in support or opposition of HB 2676, but to provide information to the Committee given to us by our retail members.

HB 2676 would require retailers to only print the last five digits of the credit card account number on the receipt issued to the cardholder. We have members that are already doing this and are very supportive of this measure. They believe that this protects the consumer from identity theft

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 2,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 48% of KCCI's members having less than 25 employees, and 78% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

**House Business, Commerce & Labor Committee**

**2-5-2002 Attachment 9**

and fraudulent charges on their credit cards. Retailers must absorb millions of fraudulent charges every year and want to be proactive to help both the consumer and their business.

Other members have expressed concerns about HB 2676. They are concerned that they will have the added business expense of reprogramming their computers or buying new credit card processing units. These retailers have cited that not including the entire credit card number on the customer's receipt will lessen their ability to track returns and refunds to customers.

Still other of our retailers have come up with other methods that protect the consumer from printing their entire credit card number on the receipt, but allow them the information they need. One retailer prints the first four numbers of the credit card, which allows them to determine what type of card is used and then the expiration date of the card. The bill would prohibit printing both on the receipt.

We recognize that this is trend and several states across the country have enacted similar legislation. We appreciate the committee's consideration of retailer concerns.

Thank you for your time and I will be happy to answer any questions.



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: (785) 291-3699

CONSUMER HOTLINE  
1-800-432-2310

Testimony of  
Steve Rarrick, Deputy Attorney General  
Consumer Protection Division  
Office of Attorney General Carla J. Stovall  
Before the House Business, Commerce & Labor Committee  
RE: House Bill 2676  
February 5, 2002

Chairperson Lane and Members of the Committee:

Thank you for the opportunity to appear on behalf of Attorney General Carla J. Stovall today to testify in support of House Bill 2676. My name is Steve Rarrick and I am the Deputy Attorney General for Consumer Protection.

The Attorney General supports HB 2676 because it will provide further protection to consumers in Kansas from misuse and theft of their credit cards. This bill is particularly appropriate this week, National Consumer Protection Week, which is focusing on privacy and identity theft. While it is our understanding that many businesses have implemented these safeguards already, the bill gives a reasonable time for businesses to come into compliance.

On behalf of Attorney General Stovall, I urge you to pass this bill out favorably. I would be happy to answer questions of the Chair or any member of the Committee.

House Business, Commerce & Labor Committee  
2-5-2002  
Attachment 10