

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairperson Ruth Teichman at 9:30 a.m. on March 18<sup>th</sup>, 2004 in Room 234-N of the Capitol.

All members were present.

Committee staff present:

Bill Wolff, Legislative Research  
Ken Wilke, Office of the Revisor of Statutes  
Nancy Shaughnessy, Committee Secretary

Conferees appearing before the committee:

Ron Gaches

Others attending:

See Attached List.

The Chair opened the hearing on **HB 2635-Sub for H 2635 -UCCC, additional charges, insufficient check charges, notice**, and asked Dr. Wolff to give the Committee some background on the bill.

Dr. Wolff stated amends the Kansas Uniform Consumer Credit Code(UCCC) which is the bill that allows additional charges to be made for certain consumer transactions. The issue is what is required when someone pays an obligation with an insufficient fund check. Under the current law, in order to transfer the charges over to a consumer's account, the consumer must be provided notice by restricted mail. What the bill does is state that the financial institution can notify the consumer by first class mail and the notice can be a part of the regular statement.

The second part of the bill is the allowance for the \$5.00 charge and you request that your bill be paid through an automatic bill paying procedure. If that is not a normal part of the way a consumer make a payment the lender can charge a \$5.00 fee for utilizing the electronic payment.

Ron Gaches indicated that when the bill had been previously heard he had discussed a possible amendment which had been requested by one of his members. The Kansas Banking Commission's analysis of the amendment is not necessary and would like the Committee to work the bill exactly as it has been received from the House.

Ron further stated that he would like to add one point of clarification on Dr. Wolff's comments. Dr. Wolff had explained the change in notice requirement as being stimulated by the opportunity to take the insufficient check fee, which is a maximum in statute of \$30 and to apply that to the principal of the loan so that interest could be generated. Mr. Gaches assured the Committee that was not the primary intent of the sponsors of the legislation. The intent of that change in the bill is to move away from the certified mail requirement, which is the current requirement. The purpose of modifying the law is to change the notice requirement to facilitate something less expensive than certified mail.

The Chair indicated that she appreciated the cooperation of the State Banking Commission's office who brought the amendment, in not pursuing the amendment. She believes that the bill has come over from the House ready to be worked..

The Chair then closed the hearing on **HB 2635** would entertain a motion to work the bill.

Senator Brungardt moves to pass the bill our favorably. Senator Helgerson seconds. The motion passes.

The Chair asked for approval on the Minutes from March 3<sup>rd</sup> and March 4<sup>th</sup>.

Senator Buhler moved approval and Senator Helgerson seconds. Motion passes.

The meeting adjourned at 10:15 a.m. The next meeting is scheduled for March 22, 2004.

SENATE FINANCIAL INSTITUTIONS & INSURANCE

Date: Mar 18 2005

Name:

Representing:

THURSDAY

Paul Hines

KID

Samy Allen

Office of State Bank Comm

Ron Garkes

KS Fin. Services Asso.

LARRY MAGILL

KS. ASSN OF INS AGENTS