

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE

The meeting was called to order by Chairperson Anthony Brown at 3:30 p.m. on February 1, 2010, in Room 784 of the Docking State Office Building.

All members were present except:

Representative Clark Shultz- excused

Committee staff present:

Bruce Kinzie, Office of the Revisor of Statutes
Sean Ostrow, Office of the Revisor of Statutes
Melissa Calderwood, Kansas Legislative Research Department
Lauren Douglass, Kansas Legislative Research Department
Joyce Bishop, Committee Assistant

Conferees appearing before the Committee:

John Peterson, VISA, Inc.
Haley DaVee, Director of State Legislative & Public Affairs, Kansas Credit Union Association

Others attending:

See attached list.

Robert Olson made a motion to introduce a bill regarding the examination and annual assessment of certain financial institutions; amending K.S.A. 2009 Supp. 9-1703 and repealing the existing section (Attachment 1). Virgil Peck seconded the motion. The motion passed unanimously.

Phil Hermanson made a motion to introduce a bill relating to banks and banking; concerning general powers; amending K.S.A. 2009 Supp. 9-1109 and repealing the existing section (Attachment 2). Nile Dillmore seconded the motion. The motion passed unanimously.

Chairperson Anthony Brown opened the hearing on **HB 2473 - Prohibiting sellers, lessors and credit card issuers from imposing a surcharge on credit and debit card transactions**, was opened for testimony.

John Peterson, on behalf of VISA, Inc., presented testimony in support of **HB 2473 (Attachment 3)**.

Haley DaVee, Director of State Legislative & Public Affairs, Kansas Credit Union Association, presented testimony (written only) in support of **HB 2473 (Attachment 4)**.

Chairperson Anthony Brown closed the hearing on **HB 2473**.

The next meeting is scheduled for February 3, 2010.

The meeting was adjourned at 3:45 pm

PROPOSED BILL NO. _____

By

AN ACT relating to the state bank commissioner; concerning the examination and annual assessment of certain financial institutions; amending K.S.A. 2009 Supp. 9-1703 and repealing the existing section.

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

Section 1. K.S.A. 2009 Supp. 9-1703 is hereby amended to read as follows: 9-1703. (a) The expense of every regular examination, together with the expense of administering the banking and savings and loan laws, including salaries, travel expenses, supplies and equipment, shall be paid by the banks and savings and loan associations of the state, and for this purpose the bank commissioner shall, prior to the beginning of each fiscal year, make an estimate of the expenses to be incurred by the department during such fiscal year. From this total amount the commissioner shall deduct the estimated amount of the anticipated annual income to the fund from all sources other than bank and savings and loan association assessments. The commissioner shall allocate and assess the remainder to the banks and savings and loan associations in the state on the basis of their total assets, as reflected in the last March 31 report called for by the federal deposit insurance corporation under the provisions of section 7 of the federal deposit insurance act, 12 USC 1817, and amendments thereto, or K.S.A. 17-5610, and amendments thereto, except that the annual assessment will not be less than \$1,000 for any bank or savings and loan association.

(b) The expense of every regular trust examination, together with the expense of administering trust laws, including salaries, travel expenses, supplies and equipment, shall be paid by the trust companies and trust departments of banks of this state, and for this purpose, the bank

commissioner, prior to the beginning of each fiscal year, shall make an estimate of the trust expenses to be incurred by the department during such fiscal year. The commissioner shall allocate and assess the trust departments in the state on the basis of their total fiduciary assets, as reflected in the last March 31 report called for by the federal deposit insurance corporation under the provisions of section 7 of the federal deposit insurance act, 12 USC 1817, and amendments thereto, or K.S.A. 17-5610, and amendments thereto, except that the annual assessment shall not be less than \$1,000 for any active trust department. The commissioner shall allocate and assess the trust companies in the state on the basis of their fiduciary assets as reflected in the last December 31 report filed with the commissioner pursuant to K.S.A. 9-1704, and amendments thereto, except that the annual assessment will not be less than \$1,000 for any active trust company. A trust department which has no fiduciary assets, as reflected in the last March 31 report called for by the federal deposit insurance corporation under the provisions of section 7 of the federal deposit insurance act, 12 USC 1817, and amendments thereto, or K.S.A. 17-5610, and amendments thereto, may be granted inactive status by the commissioner and the annual assessment shall not be more than \$100 for the inactive trust department. A trust company which has no fiduciary assets, as reflected in the last preceding year-end report filed with the commissioner, may be granted inactive status by the commissioner and the annual assessment shall not be more than \$100 for an inactive trust company. No inactive trust department or trust company shall accept any fiduciary assets or exercise any part of or all of its trust authority until such time as it has applied for and received prior written approval of the commissioner to reactivate its trust authority.

(c) A statement of each assessment made under the provisions of subsection (a) or (b) shall be sent by the commissioner on July 1 or the next business day thereafter, to each bank, savings and

loan association, trust department and trust company ~~on July 1 or the next business day thereafter~~ that exists as a corporate entity with the secretary of state's office as of the close of business on June 30, and is authorized by the office of the state bank commissioner to conduct banking, savings and loan or trust business. The assessment may be collected by the state bank commissioner as needed and in such installment periods as the commissioner deems appropriated, but no more frequently than monthly. When the commissioner issues an invoice to collect the assessment payment shall be due within 15 days of the date of the invoice. ~~If a bank, savings and loan association or trust company exists as a corporate entity with the secretary of state's office as of the close of business on June 30, and is authorized by the office of the state bank commissioner to conduct banking, savings and loan or trust business, one-half of the amount so assessed shall be due and payable on or before July 15. If a bank savings and loan association or trust company exists as a corporate entity with the secretary of state's office as of close of business on December 31, and is authorized to conduct banking, savings and loan or trust business, the remaining one-half of the amount assessed shall be due and payable on or before January 15. Any expenses incurred or services performed on account of any bank, trust department or trust company or other corporation which are outside of the normal expense of an examination required under the provisions of K.S.A. 9-1701, and amendments thereto, or K.S.A. 17-5612, and amendments thereto, shall be charged to and paid by the corporation for whom they were incurred or performed. The commissioner may impose a penalty upon any bank, savings and loan association, trust department or trust company which fails to pay its annual assessment when it is 15 days or more past due. The penalty shall be assessed in the amount of \$50 for each day the assessment is not paid. The counting period for such penalty will begin February 1 or August 1 past due.~~

The ~~bank~~ commissioner shall remit all moneys received ~~by or for such commissioner~~ from such examination fees to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury. Twenty percent of each deposit shall be credited to the state general fund and the balance shall be credited to the bank commissioner fee fund. All expenditures from the bank commissioner fee fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the ~~bank~~ commissioner or by a person or persons designated by the commissioner.

(d) The amount of expenses incurred and the cost of service performed on account of any bank, trust department or trust company or other corporation which are outside the normal expenses of an examination required under the provisions of K.S.A. 9-1701 or 17-5612, and amendments thereto, shall be charged to and paid by the bank, trust department, trust company or corporation for which such expenses were incurred or cost of services performed.

~~(d)~~ (e) As used in this section, "savings and loan association" means a Kansas state-chartered savings and loan association.

~~(e)~~ (f) (1) In the event a bank, savings and loan association or trust company is merged into, consolidated with, or the assets and liabilities of which are purchased and assumed by another bank, savings and loan association or trust company, between the preceding March 31 and June 30, for banks and savings and loan associations, or the preceding December 31 and June 30, for trust companies, the surviving or acquiring bank, savings and loan association or trust company is obligated to pay the assessment ~~of the institution being merged, consolidated or assumed~~ based on the value of the assets of all institutions involved with the merger, consolidation or assumption for

the following fiscal year commencing July 1.

(2) In the event a bank, savings and loan association, or trust company is merged into, consolidated with, or the assets and liabilities of which are purchased and assumed by another bank, savings and loan association or trust company ~~between~~ after July 1 ~~and December 31~~, the surviving entity shall be obligated to pay the unpaid portion of the assessment for the remainder of the fiscal year commencing July 1 which would have been due ~~on or before January 15~~ of the institution being merged, consolidated or assumed.

Sec. 2. K.S.A. 2009 Supp. 9-1703 is hereby repealed.

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

PROPOSED BILL NO. _____

By

AN ACT relating to banks and banking; concerning general powers; amending K.S.A. 2009 Supp. 9-1101 and repealing the existing section.

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

Section 1. K.S.A. 2009 Supp. 9-1101 is hereby amended to read as follows: 9-1101. Any bank hereby is authorized to exercise by its board of directors or duly authorized officers or agents, subject to law, all such powers, including incidental powers, as shall be necessary to carry on the business of banking, and:

(1) To receive deposits and to pay interest thereon at rates which need not be uniform. The state bank commissioner, with approval of the state banking board, may by regulations of general application fix maximum rates of interest to be paid on deposit accounts other than accounts for public moneys;

(2) to buy and sell exchange, gold, silver, foreign coin, bullion, commercial paper, bills of exchange, notes and bonds;

(3) to buy and sell bonds, securities, or other evidences of indebtedness of the United States of America or those fully guaranteed, directly or indirectly, by it, and general obligation bonds of the state of Kansas or any municipality or quasi-municipality thereof, and of other states, and of municipalities or quasi-municipalities in other states of the United States of America. No bank shall invest an amount in excess of 15% of its capital stock paid in and unimpaired and the unimpaired surplus fund of such bank in bonds, securities or other evidences of indebtedness of any municipality or quasi-municipality of any other state or states of the United States of America: (a) If and when

the direct and overlapping indebtedness of such municipality or quasi-municipality is in excess of 10% of its assessed valuation, excluding therefrom all valuations on intangibles and homestead exemption valuation; (b) or if any bond, security, or evidence of indebtedness of any such municipality or quasi-municipality has been in default in the payment of principal or interest within 10 years prior to the time that any bank acquires any such bonds, security or evidence of indebtedness;

(4) to make all types of loans, including loans on real estate, subject to the loan limitations contained in this act. Every real estate loan shall be secured by a mortgage or other instrument constituting a lien, or the full equivalent thereof, upon the real estate securing the loan, according to any lawful or well recognized practice, which is best suited to the transaction. The mortgage may secure future advances. The lien of such mortgage shall attach upon its execution and have priority from time of recording as to all advances made thereunder until such mortgage is released of record. The lien of such mortgage shall not exceed at any one time the maximum amount stated in the mortgage;

(5) to discount and negotiate bills of exchange, negotiable notes and notes not negotiable;

(6) to buy and sell investment securities which are evidences of indebtedness. The buying and selling of investment securities shall be limited to buying and selling without recourse marketable obligations evidencing indebtedness of any person, copartnership, association, corporation, or state or federal agency, including revenue bonds issued pursuant to K.S.A. 76-6a15, and amendments thereto, or the state armory board in the form of bonds, notes or debentures or both, commonly known as investment securities, under such further definition of the term "investment securities" as prescribed by the board, but the total amount of such investment securities of any one

obligor or maker held by such bank shall at no time exceed 25% of the capital stock paid in and unimpaired and the unimpaired surplus fund of such bank except that this limit shall not apply to obligations of the United States government or any agency thereof. If the obligor is a state agency including any agency issuing revenue bonds pursuant to K.S.A. 76-6a15, and amendments thereto, or the state armory board, the total amount of such investment securities shall at no time exceed 25% of the capital stock paid in and unimpaired and the unimpaired surplus fund of such bank;

(7) to subscribe to, buy and own such stock of the federal national mortgage association as required by title 3, section 303 of the federal act known as the national housing act as amended by section 201 of public law No. 560, of the United States (68 Stat. 613-615), known as the housing act of 1954, or amendments thereto;

(8) to subscribe to, buy and own stock in one or more small business investment companies in Kansas as otherwise authorized by federal law, except that in no event shall any bank acquire shares in any small business investment company if, upon the making of that acquisition the aggregate amount of shares in small business investment companies then held by the bank would exceed 5% of its capital and surplus. Nothing in this act contained shall prohibit any bank from holding and disposing of such real estate and other property as it may acquire in the collection of its assets;

(9) to subscribe to, buy and own stock in any agricultural credit corporation or livestock loan company, or its affiliate, organized pursuant to the provisions of the laws of the United States providing for the information and operation of agricultural credit corporations and livestock loan companies, in an amount not exceeding either the undivided profits or 10% of the capital stock and surplus and undivided profits from such bank, whichever is greater;

(10) to subscribe to, buy and own stock in minbanc capital corporation, a company formed for the purpose of providing capital to minority-owned banks. No bank's investment in such stock shall exceed 2% of its capital and surplus;

(11) to buy, hold, and sell any type of investment securities not enumerated in this section with approval of the commissioner and upon such conditions and under such regulations as are prescribed by the state banking board;

(12) to act as escrow agent;

(13) to subscribe to, acquire, hold and dispose of stock of a corporation having as its purpose the acquisition, holding and disposition of loans secured by real estate mortgages, and to acquire, hold and dispose of the debentures and capital notes of such corporation. No bank's investment in such stock, debentures and capital notes shall exceed 2% of its capital stock, surplus and undivided profits and such investment shall be carried on the books of the bank as directed by the commissioner;

(14) to purchase and sell securities and stock without recourse solely upon the order, and for the account, of customers;

(15) to subscribe to, acquire, hold and dispose of any class of stock, debentures and capital notes of MABSCO agricultural services, inc. or any similar corporation having as its purpose the acquisition, holding and disposition of agricultural loans originated by Kansas banks. No bank's investment in such stock, debentures and capital notes shall exceed 2% of its capital stock, surplus and undivided profits. Such investment shall be carried on the books of the bank as directed by the commissioner;

(16) to buy, hold and sell mortgages, stock, obligations and other securities which are issued

or guaranteed by the federal home loan mortgage corporation under sections 305 and 306 of the federal act known as the federal home loan mortgage corporation act (P.L. 91-351);

(17) to buy, hold and sell obligations or other instruments or securities, including stock, issued or guaranteed by the student loan marketing association created by (P.L. 92-318) of the United States;

(18) to engage in financial future contracts on United States government and agency securities subject to such rules and regulations as the state bank commissioner may prescribe pursuant to K.S.A. 9-1713, and amendments thereto, to promote safe and sound banking practices;

(19) to subscribe to, buy and own stock in a state or federally chartered bankers' bank or a one bank holding company which owns or controls such a bankers' bank, except no bank's investment in such stock shall exceed 10% of its capital stock, surplus and undivided profits;

(20) subject to such rules and regulations as the state bank commissioner may adopt pursuant to K.S.A. 9-1713, and amendments thereto, to promote safe and sound banking practices, upon recorded prior approval by the board of directors of the initial investment in a specific company and pursuant to an investment policy approved by the board of directors which specifically provides for such investments to buy, hold and sell shares of an open-end investment company registered with the federal securities and exchange commission under the federal investment company act of 1940 and the federal securities act of 1933 and of a privately offered company sponsored by an affiliated commercial bank, the shares of which are purchased and sold at par and the assets of which consist solely of securities which may be purchased by the bank for its own account. Such shares may be purchased without limit if the assets of the company consist solely of and are limited to obligations that are eligible for purchase by the bank without limit. If the assets of the company include

securities which may be purchased by the bank subject to limitation, such shares may be purchased subject to the limitation applicable to purchase by the bank of such securities;

(21) subject to the prior approval of the state bank commissioner and subject to such rules and regulations as are adopted by the state bank commissioner pursuant to K.S.A. 9-1713, and amendments thereto, to promote safe and sound banking practices, a bank may establish a subsidiary which engages in the following securities activities: (a) selling or distributing stocks, bonds, debentures, notes, mutual funds and other securities, (b) issuing and underwriting municipal bonds, (c) organizing, sponsoring and operating mutual funds, (d) acting as a securities broker-dealer;

(22) to subscribe to, acquire, hold and dispose of stock of any class of the federal agricultural mortgage corporation, a corporation having as its purpose the acquisition, holding and disposition of loans secured by agricultural real estate mortgages. No bank's investment in such corporation shall exceed 5% of its capital stock, surplus and undivided profits and such investment shall be carried on the books of the bank as directed by the commissioner;

(23) to subscribe to, buy and own stock in an insurance company incorporated prior to 1910, under the laws of Kansas, with corporate headquarters in this state, which only provides insurance to financial institutions. The investment in such stock shall not exceed 2% of the bank's capital stock, surplus and undivided profits;

(24) to purchase and hold an interest in life insurance policies ~~on the life of its executive officers and directors, and to purchase life insurance policies for the sole purpose of providing employee deferred compensation and benefit plans subject to the limitations listed herein. If the bank has the authority to direct the investments of the cash surrender value of the policy, those investments shall be limited solely to assets which may be directly purchased by the bank for its own~~

account. The limitations set forth in paragraphs (a) and (b) of this subsection do not apply to any such life insurance policies in place before July 1, 1993. Funding for the payment of employee compensation and benefit plans as well as the benefits derived may be made or split in a joint manner between the bank, employee or bank holding company as in "split dollar" or other insurance plans:

—— (a) Life insurance purchased and held on the life of executive officers and directors are in a manner consistent with the parameters outlined in the interagency statement of the purchase and risk management of life insurance, federal deposit insurance corporation financial institution letter 127-2004, effective December 7, 2004, subject to the following limitations:

(i) (a) The cash surrender value of any life insurance policy ~~on an executive officer or director~~ or policies underwritten by any one life insurance company ~~cannot~~ shall not at any time exceed 15% of the bank's capital stock, surplus, undivided profits, ~~loan loss reserve~~ allowance for loan and lease losses, capital notes and debentures and reserve for contingency, unless the bank has obtained the prior approval of the state bank commissioner;

(ii) (b) the cash surrender value of life insurance policies ~~on executive officers or directors~~, in the aggregate from all companies, cannot at any time exceed 25% of the bank's capital stock, surplus, undivided profits, ~~loan loss reserve~~ allowance for loan and lease losses, capital notes and debentures and reserve for contingency, unless the bank has obtained the prior approval of the state bank commissioner; and

(c) the limitations set forth in paragraphs (a) and (b) shall not apply to any life insurance policy in place prior to July 1, 1993.

(iii) ~~the authority to hold life insurance on any executive officer ceases if the executive officer is no longer employed by the bank or no longer meets the definition of an executive officer;~~

~~—— (iv) the authority to hold life insurance on a director ceases when that director is no longer a member of the board of directors;~~

~~—— (v) the bank's board of directors must approve and document the purchase of any life insurance, including the reasonableness of such purchase; and~~

~~—— (vi) except as part of a reasonable compensation or benefit plan, a bank is not authorized to purchase life insurance as an estate management device for the benefit of officers, directors or employees who are also controlling shareholders of the bank.~~

~~—— (b) Life insurance purchased for the sole purpose of providing deferred compensation and benefit plans are subject to the following limitations:~~

~~—— (i) The bank may purchase individual or group policies for the sole purpose of providing deferred compensation agreements entered into with its officers and employees;~~

~~—— (ii) the bank may purchase policies on directors to fund a deferred directors fees program;~~

~~—— (iii) the board of directors must approve and document such deferred plans including the reasonableness of the plans;~~

~~—— (iv) the bank is not authorized to hold the policies unless specifically approved by the state bank commissioner if no liability exists under the deferred compensation plans;~~

~~—— (v) the cash surrender value of any life insurance policy purchased for the sole purpose of providing deferred compensation and benefit plans, underwritten by any one life insurance company, cannot exceed at any time, 15% of the bank's capital stock, surplus, undivided profits, loan loss reserve, capital notes and debentures and reserve for contingency, unless the bank has obtained the prior approval of the state bank commissioner; and~~

~~—— (vi) the cash surrender value of life insurance policies purchased for the sole purpose of~~

~~providing deferred compensation and benefit plans, in the aggregate from all companies, cannot at any time exceed 25% of the bank's capital stock, surplus, undivided profits, loan loss reserve, capital notes and debentures and reserve for contingency, unless the bank has obtained the prior approval of the state bank commissioner;~~

(25) subject to such rules and regulations as the state bank commissioner may adopt pursuant to K.S.A. 9-1713 and amendments thereto to promote safe and sound banking practices, to act as an agent and receive deposits, renew time deposits, close loans, service loans, and receive payments on loans and other obligations for any company which is a subsidiary, as defined in subsection (d) of K.S.A. 9-519 and amendments thereto of the bank holding company which owns the bank. Nothing in this subsection shall authorize a bank to conduct activities as an agent which the bank or the subsidiary would be prohibited from conducting as a principal under any applicable federal or state law. Any bank which enters or terminates any agreement pursuant to this subsection shall within 30 days of the effective date of the agreement or termination provide written notification to the commissioner which details all parties involved and services to be performed or terminated;

(26) to make loans to the bank's stockholders or the stockholders of the bank's controlling bank holding company on the security of the shares of the bank or shares of the bank's controlling bank holding company, with the limitation that this may occur only if the bank would have extended credit to such stockholder on exactly the same terms without the shares pledged as collateral;

(27) to make investments in and loans to community development corporations (CDCs) and community development projects (CD projects) as defined in K.S.A. 9-701 and amendments thereto, subject to the limitations prescribed by the comptroller of the currency as interpreted by rules and regulations which shall be adopted by the state bank commissioner as provided by K.S.A. 9-1713

and amendments thereto;

(28) to participate in a school savings deposit program authorized under K.S.A. 9-1138, and amendments thereto;

(29) with prior approval of the commissioner, to offer through one or more financial subsidiaries any products or services which a national bank may offer through its financial subsidiaries, subject to safety and soundness requirements imposed by the commissioner. As used in this paragraph, "financial subsidiary" shall have the same meaning given to such term under the Gramm-Leach Bliley act of 1999 (P.L. 106-102); and

(30) to purchase or hold an annuity for the sole purpose of funding an employee deferred compensation and benefit plan subject to the limitations prescribed by rules and regulations which shall be adopted by the state bank commissioner as provided by K.S.A. 9-1713, and amendments thereto.

Sec. 2. K.S.A. 2009 Supp. 9-1101 is hereby repealed.

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

STATEMENT

By

John Peterson, Visa Inc.

In Support of HB 2473

House Committee on Financial Institutions

February 1, 2010

Mr. Chairman and Committee members, my name is John Peterson and I am appearing on behalf of Visa Inc. in support of HB 2473.

Visa is an electronic payments network linking consumers with thousands of financial institutions worldwide, including 313 in Kansas. Visa is not a bank or a credit union, it doesn't issue credit or debit cards; financial institutions do that, what Visa provides is the secure network these cards ride on.

HB 2473 will update current Kansas law to include debit cards as well as credit cards in the law prohibiting merchants from surcharging consumers. When the statute was written debit cards did not exist. They now they have become an important part of our system of commerce. In fact, Kansas provides debit cards to citizens receiving unemployment benefits, public assistance and child support. States save millions of dollars every year utilizing debit card disbursements. In addition, merchants receive huge benefits from credit and debit cards. They do have a choice and can simply proceed on a cash and check basis. But by utilizing credit and debit cards they get instant, guaranteed payments, they avoid bad check losses and don't have to worry about theft from the cash register.

HB 2473 prohibits a potential consumer fee that the 95 percent of American households that use credit and debit cards care about. Debit card surcharges could affect the citizens of this state who are most unable to afford what would essentially be a new consumer tax on users of debit cards. Kansas enacted its surcharge prohibition on credit cards to protect consumers and we would encourage you to modernize this law by including debit cards.

Thank you for this opportunity to present this statement.



KANSAS CREDIT UNION ASSOCIATION

To: House Financial Institutions Committee

From: Haley DaVee, Assistant Vice President of Legislative & Public Affairs

Date: Monday, February 1, 2010

Re: Written Support of House Bill 2473

The Kansas Credit Union Association, on behalf of the 106 Kansas credit unions, appreciates this opportunity to provide written comment in support of House Bill 2473. Kansas credit unions are not-for-profit financial cooperatives whose purpose is to serve the financial needs of their 560,000 member/owners.

The consumer credit code currently contains language prohibiting the merchants, sellers, or lessors from charging a surcharge to consumers who choose credit cards as their payment method. HB 2473 would amend the consumer credit code to provide a similar prohibition on surcharges for the use of debit cards as a payment method. As the use of debit cards has increased over the past decade, it is logical that the statute needs updated to include similar protection for the use of debit cards. In addition, consumers today can oftentimes choose debit or credit options for their debit card transactions.

KCUA believes that consumers should be afforded the same protection under the consumer credit code for debit card transactions. The consumer should not be penalized and charged extra for choosing debit card as their payment method.

Merchants make the choice to offer electronic payment options and should not force Kansas consumers to pay for a system that offers tremendous benefits to the merchant. Merchants derive the benefit of immediate cash flow through the acceptance of electronic payments with less insufficient funds risk presented by checks or security issues stemming from cash transactions

In conclusion, the Kansas Credit Union Association respectfully requests that the House Financial Institutions Committee recommend HB 2473 as favorable for passage.