

March 12, 2025

The Honorable Brenda Dietrich, Chairperson  
Senate Committee on Financial Institutions and Insurance  
300 SW 10th Avenue, Room 546-S  
Topeka, Kansas 66612

Dear Senator Dietrich:

**SUBJECT:** Fiscal Note for SB 16 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 16 is respectfully submitted to your committee.

SB 16 would prohibit a financial service company with total assets of \$20.0 billion or more from discriminating against a person based on a person's credit score. The bill would prohibit a financial service company from denying services based on non-financial criteria or ideological criteria or coordinating with other companies to discriminate against clients. A financial services company would be required to provide a written explanations in 14-point bold font when denying services, detailing the specific data and criteria used for the denial.

The bill would require a registered investment adviser to obtain written consent from clients before investing their money in mutual funds, equity funds, or companies that engage in ideological boycotts. The bill defines these boycotts as actions taken without ordinary business purpose to penalize companies that engage in fossil fuel production, nuclear energy, agriculture, lumber, mining, firearms, or those that do not meet certain environmental standards or diversity criteria. The Attorney General could enforce this consent requirement and also investigate any violations.

A financial service company that commits a deceptive act or practice would be subject to enforcement of the Attorney General. A financial services company that is a credit union and commits an unsound practice would be subject to civil enforcement by the Credit Union Administrator. An insurance company that commits an unsound practice would be subject to penalties by the Insurance Commissioner. A company with five or more violations would be guilty of a class C nonperson misdemeanor.

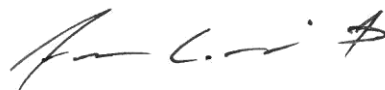
The bill would require the State Bank Commissioner, the Insurance Commissioner, and the Credit Union Administrator to adopt rules and regulations to enforce the provisions of the bill no later than July 1, 2026. The bill would also prevent a public agency or official from modifying the \$20.0 billion asset threshold that determines which financial institutions would be subject to the provisions of the bill.

The Office of Judicial Administration states that the bill could increase the number of cases filed in district court because the bill creates a new crime and authorizes the Attorney General to investigate and enforce violations. This would increase the time spent by district court judicial and nonjudicial personnel in processing, researching, and hearing cases. Because the bill creates a new crime that carries a class C misdemeanor penalty, there could also be more supervision of offenders required to be performed by court services officers. The bill could increase the collection of docket fees, fines, and supervision fees that would be deposited into the State General Fund. However, the Office cannot determine a precise fiscal effect of the bill.

The Insurance Department states that the bill would require the agency to hire additional employees and would also increase fee fund expenditures by an unknown amount for those employees and related operating expenditures. The additional employees would create the regulatory framework to monitor and enforce the provisions of the bill; however, the agency cannot estimate a precise fiscal effect.

The Office of the Attorney General states that any additional expenditures to investigate and enforce deceptive acts and practices could be absorbed within existing resources. The Office of the State Bank Commissioner and the Kansas Department of Credit Unions state that the bill would not affect agency expenditures or revenues. Any fiscal effect associated with SB 16 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt  
Director of the Budget

cc: Kyle Strathman, Insurance Department  
Jesse Becker, Office of the State Bank Commissioner  
Julie Murray, Department of Credit Unions