HOUSE BILL No. 2300

By Committee on Judiciary

Requested by Representative Barth

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AN ACT concerning the Kansas consumer protection act; establishing limitations for of consumer transactions by suppliers based on residence and capacity; defining consumer and supplier to include land transactions for wind or solar energy projects; permitting a consumer to revoke a lease or contract for wind or solar energy projects; amending K.S.A. 50-632, 50-634 and 50-640 and K.S.A. 2024 Supp. 50-624 and repealing the existing sections.

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

New Section 1. (a) A supplier shall not initiate or attempt to communicate through a door-to-door sale, as defined in K.S.A. 50-640, and amendments thereto, with any consumer who is receiving inpatient services at a hospital or who resides in a nursing home, adult care home, assisted living facility or residential healthcare facility, unless:

- (1) A supplier sends written information on a potential consumer transaction to such consumer through certified mail, with return receipt requested, seeking the consumer's consent to conduct a door-to-door sale, as defined in K.S.A. 50-640, and amendments thereto. The maximum number of written communications with respect to any potential consumer transactions that a supplier may send to a given consumer shall not exceed two in a calendar year; and
- (2) after receiving such written information, the consumer consents to communication regarding the door-to-door sale, subject to subsection (b) and (c).
- (b) If the supplier has reason to know or has been informed that a consumer has diminished capacity for the door-to-door sale, the supplier shall cease communication with such consumer, unless the supplier has verified that the consumer has the legal capacity to enter into a contract.
- (c) If a consumer has diminished capacity, the consumer may appoint a representative who has agreed to:
- (1) Be present throughout all oral communications between the supplier and the consumer; and
- (2) receive copies of the supplier's written or electronic communications to the consumer.

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(d) Any provision in a consumer transaction contract shall be unenforceable to the extent that the provision prohibits or restricts the recording or videotaping of communications pertaining to the negotiation or preparation of, the contents of or the performance under such contract.

- (e) Any provision in a consumer transaction contract shall be unenforceable to the extent that the provision prohibits or restricts the disclosure of any:
 - (1) Contents of such contract;
- (2) information regarding the negotiation or preparation of, or the performance under, such contract; or
- (3) sound or video recordings of communications pertaining to the negotiation or preparation of, the contents of or the performance under such contract between any consumer or any consumer representative and any supplier:
- (A) To any federal, state, county or local government or political subdivision or law enforcement agency;
- (B) in any court filings, subject to any confidentiality order that a court may issue; or
- (C) in any testimony or statement made by the consumer or on the consumer's behalf by the consumer's representative in any hearing or other proceeding held by any federal, state, county or local government or political subdivision. This subparagrpah shall not render unenforceable any confidentiality provision in a consumer transaction contract to the extent that it prohibits or restricts the disclosure of the amount of compensation to be paid to the consumer under such contract.
- (f) This section shall not be waived by parties pursuant to K.S.A. 50-625, and amendments thereto.
 - (g) As used in this section:
- (1) "Affiliate" means any individual or any company, partnership or other legal entity that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the supplier. For purposes of this definition, "control" and derivatives thereof mean with respect to an entity:
- (A) The ownership, directly or indirectly, of 30% or more of the issued and outstanding voting securities or other voting ownership interests of such entity; or
- (B) the possession, directly or indirectly, of the power to direct or cause the direction of the management and operating policies of such entity, whether through the ownership of voting securities, partnership interests or other ownership interests, through the ownership of assets, through a financing or lending relationship, by contract, voting trust or other instrument.
 - (2) "Consumer" means the same as defined in K.S.A. 50-624, and

amendments thereto.

- (3) "Supplier" means the same as defined in K.S.A. 50-624, and amendments thereto, a supplier's affiliate or the supplier's representative.
- (4) "Supplier's representative" means any director, officer, employee, agent, consultant or legal counsel of a supplier or a supplier's affiliate.
- (h) This section shall be a part of and supplemental to the Kansas consumer protection act.
- Sec. 2. K.S.A. 2024 Supp. 50-624 is hereby amended to read as follows: 50-624. As used in this act:
- (a) "Agricultural purpose" means a purpose related to the production, harvest, exhibition, marketing, transportation, processing or manufacture of agricultural products by a consumer who cultivates, plants, propagates or nurtures the agricultural products. "Agricultural products" includes agricultural, horticultural, viticultural, and dairy products, livestock, wildlife, poultry, bees, forest products, fish and shellfish, and any products thereof, including processed and manufactured products, and any and all products raised or produced on farms and any processed or manufactured products thereof.
 - (b) "Consumer" means:
- (1) An individual, husband and wife, sole proprietor, or family partnership who seeks or acquires property or services for personal, family, household, business or agricultural purposes; or
- (2) an individual, husband and wife, sole proprietor, family partnership or trustee of a self-settle living trust who has the right to convey any estate or interest in land through a lease, option, easement or other contractual obligation pertaining to land use for the purpose of building and operating a meteorological evaluation tower or sodar unit or for commercial production or transmission of electricity through wind or solar generation resources.
 - (c) "Consumer transaction" means:
- (1) A sale, lease, assignment or other disposition for value of property or services within this state, except insurance contracts regulated under state law, to a consumer; or a solicitation by a supplier with respect to any of these dispositions; or
- (2) the soliciting or obtaining by a supplier or any of the supplier's affiliates or any of the supplier's representatives of or the granting by a consumer of a lease of land, option, easement or other contractual obligation pertaining to land use for the purpose of building and operating a meteorological evaluation tower or sodar unit or for commercial production or transmission of electricity through wind or solar generation resources. "Consumer transaction" does not include the disposition of repossessed collateral by any supplier that is subject to and compliant with any state or federal law or rules and regulations with

 regard to disposition of such repossessed collateral.

- (d) "Family partnership" means a partnership in which all of the partners are natural persons related to each other, all of whom have a common ancestor within the third degree of relationship, by blood or by adoption, or the spouses or the stepchildren of any such persons, or persons acting in a fiduciary capacity for persons so related.
- (e) "Final judgment" means a judgment, including any supporting opinion, that determines the rights of the parties and concerning which appellate remedies have been exhausted or the time for appeal has expired.
- (f) "Lender" means a bank, savings and loan association, savings bank, credit union, finance company, mortgage bank, mortgage broker and any affiliate.
- (g) "Merchantable" means, in addition to the qualities prescribed in K.S.A. 84-2-314, and amendments thereto, in conformity in all material respects with applicable state and federal statutes and regulations establishing standards of quality and safety.
- (h) "Mortgage trigger lead" means a consumer report obtained pursuant to section 604(c)(1)(B) of the federal fair credit reporting act, 15 U.S.C. § 1681b, where the issuance of the report is triggered by an inquiry made with a consumer reporting agency in response to an application for credit. Any consumer report on an applicant obtained by a lender with whom the applicant has initially applied for credit or who holds or services an existing extension of credit of the applicant who is the subject of the report is not considered a mortgage trigger lead.
- (i) "Person" means any individual, corporation, government, governmental subdivision or agency, business trust, estate, trust, partnership, association, cooperative or other legal entity.
- (j) "Property" includes real estate, goods and intangible personal property.
 - (k) "Services" includes:
 - (1) Work, labor and other personal services;
- (2) privileges with respect to transportation, hotel and restaurant accommodations, education, entertainment, recreation, physical culture, hospital accommodations, funerals and cemetery accommodations; and
- (3) making a payment and agreeing to perform contractual obligations in consideration of receiving from a consumer lease, option, easement or other contractual obligation pertaining to land use for the purpose of building and operating a meteorological evaluation tower or sodar unit or for commercial production or transmission of electricity through wind or solar generation resources; and
 - (4) any other act performed for a consumer by a supplier.
- (l) "Supplier" means a manufacturer, distributor, dealer, seller, lessor, assignor, or other person who, in the ordinary course of business, solicits,

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42 43 engages in or enforces consumer transactions, whether or not dealing directly with the consumer. "Supplier" includes any person who solicits or seeks to obtain or obtains a lease, option, easement or other contractual obligation pertaining to land use for the purpose of building and operating a meteorological evaluation tower or sodar unit or for commercial production or transmission of electricity through wind or solar generation resources.

- Sec. 3. K.S.A. 50-632 is hereby amended to read as follows: 50-632. (a) The attorney general or any county or district attorney may bring an action *to*:
- (1) To-Obtain a declaratory judgment that an act or practice violates this act;
- (2) to enjoin, or to obtain a restraining order against a supplier who has violated, is violating, or is otherwise likely to violate this act; or
- (3) obtain an order revoking a lease, option easement or other contractual obligation pertaining to land use for the purpose of building and operating a meteorological evaluation tower or sodar unit or for commercial production or transmission of electricity through wind or solar generation resources;
- (4) to—recover damages on behalf of consumers by reason of violations of this act: and or
 - (4)(5) to-recover reasonable expenses and investigation fees.
- (b) In lieu of instigating or continuing an action or proceeding, the attorney general may accept a consent judgment with respect to any act or practice declared to be a violation of this act. Such a consent judgment shall provide for the discontinuance by the supplier entering the same of any act or practice declared to be a violation of this act, and it may include a stipulation for the payment by such supplier of reasonable expenses and investigation fees incurred by the attorney general. The consent judgment also may include a stipulation for restitution to be made by such supplier to consumers of money, property or other things received from such consumers in connection with a violation of this act and also may include a stipulation for specific performance. Any consent judgment entered into pursuant to this section shall not be deemed to admit the violation, unless it does so by its terms. Before any consent judgment entered into pursuant to this section shall be effective, it must be approved by the district court and an entry made thereof in the manner required for making an entry of judgment. Once such approval is received, any breach of the conditions of such consent judgment shall be treated as a violation of a court order, and shall be subject to all the penalties provided by law therefor.
- (c) In any action brought by the attorney general or the county or district attorney, the court may, without requiring bond of the attorney general or the county or district attorney:

 (1) Make such orders or judgments as may be necessary to prevent the use or employment by a supplier of any practices declared to be a violation of this act;

- (2) make such orders or judgments as may be necessary to compensate any consumer for damages sustained;
- (3) make such orders or judgments as may be necessary to carry out a transaction in accordance with consumers' reasonable expectations;
- (4) appoint a master or receiver or order sequestration of property whenever it shall appear that the supplier threatens or is about to remove, conceal or dispose of property to the damage of consumers to whom restoration would be made under this subsection or whenever it shall appear that the property was derived or is commingled with other property derived from transactions involving violations of the act, the court shall assess the expenses of a master or receiver against the supplier;
- (5) revoke any license or certificate authorizing that supplier to engage in business in this state;
- (6) issue a temporary restraining order or enjoin any supplier from engaging in business in this state;
- (7) award reasonable expenses and investigation fees, civil penalties and costs; and
 - (8) grant other appropriate relief.; and
- (9) revoke a lease, option, easement or other contractual obligation pertaining to land use for the purpose of building and operating a meteorological evaluation tower or sodar unit or for commercial production or transmission of electricity through wind or solar generation resources.
- (d) If an order of sequestration is issued pursuant to paragraph (4) of subsection (c)(4):
- (1) Application for such order shall be by motion verified by an affidavit setting forth facts in support thereof and the court may hear such motion ex parte;
- (2) such order shall operate as a lien on the sequestered property and may contain other provisions as the court deems appropriate;
- (3) if such order of sequestration was issued ex parte, such order shall be served upon the supplier whose property is sequestered not later than five days after such order is issued. Service shall be by any manner permitted by the code of civil procedure or by ordinary first class mail to the last known address of the supplier;
- (4) a supplier whose property is sequestered may file a motion to dissolve the sequestration, verified by affidavit, putting in issue the sufficiency of the proceedings, the supplier's claim of exemption as to any property which has been sequestered, or the truth of the facts alleged in the affidavit on which the sequestration was ordered. The court shall hold a

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 hearing on the motion within five days after the filing; and

- (5) upon a finding that the party which obtained an ex parte order of sequestration knew or should have known that grounds for sequestration did not exist, the court, upon a motion to dissolve, may allow actual damages for the wrongful sequestration.
- Sec. 4. K.S.A. 50-634 is hereby amended to read as follows: 50-634. (a) Whether a consumer seeks or is entitled to damages or otherwise has an adequate remedy at law or in equity, a consumer aggrieved by an alleged violation of this act may bring an action to:
- (1) Obtain a declaratory judgment that an act or practice violates this act:-or
- (2) enjoin or obtain a restraining order against a supplier who has violated, is violating or is likely to violate this act.; *or*
- (3) revoke any lease, option, easement or other contractual obligation pertaining to land use for the purpose of building and operating a meteorological evaluation tower or sodar unit or for commercial production or transmission of electricity through wind or solar generation resources resulting from a violation of this act.
- (b) A consumer who is aggrieved by a violation of this act may recover, but not in a class action, damages or a civil penalty as provided in subsection (a) of K.S.A. 50-636(a), and amendments thereto, whichever is greater.
- (c) Whether a consumer seeks or is entitled to recover damages or has an adequate remedy at law, a consumer may bring a class action for declaratory judgment, an injunction and appropriate ancillary relief, except damages, against an act or practice that violates this act.
- (d) A consumer who suffers loss as a result of a violation of this act may bring a class action for the damages caused by an act or practice:
- (1) Violating any of the acts or practices specifically proscribed in K.S.A. 50-626, 50-627 and 50-640, and amendments thereto, or
- (2) declared to violate K.S.A. 50-626 or 50-627, and amendments thereto, by a final judgment of any district court or the supreme court of this state that was either officially reported or made available for public dissemination under—subsection—(a)(3)—of K.S.A. 50-630(a)(3), and amendments thereto, by the attorney general 10 days before the consumer transactions on which the action is based, or
- (3) with respect to a supplier who agreed to it, was prohibited specifically by the terms of a consent judgment which became final before the consumer transactions on which the action is based.
- (e) Except for services performed by the office of the attorney general or the office of a county or district attorney, the court may award to the prevailing party reasonable attorney fees, including those on appeal, limited to the work reasonably performed if:

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(1) The consumer complaining of the act or practice that violates this act has brought or maintained an action the consumer knew to be groundless and the prevailing party is the supplier; or a supplier has committed an act or practice that violates this act and the prevailing party is the consumer; and

- (2) an action under this section has been terminated by a judgment, or settled.
- (f) Except for consent judgments, a final judgment in favor of the attorney general under K.S.A. 50-632, and amendments thereto, is admissible as prima facie evidence of the facts on which it is based in later proceedings under this section against the same supplier or a supplier in privity.
- (g) Notice of an action commenced pursuant to subsection (b) or (c), or an appeal of such action, shall be given to the attorney general, but failure to do so shall not provide a defendant a defense in such action.
- Sec. 5. K.S.A. 50-640 is hereby amended to read as follows: 50-640. (a) Except as provided in subsection (c)(1)(C), in addition to any right otherwise to revoke, a consumer has the right to cancel a door-to-door sale made within this state until midnight of the third business day after the day on which the consumer signs an agreement or offer to purchase which includes the disclosures required by this section.
- (b) In connection with any door-to-door sale made within this state, it constitutes an unfair and deceptive act or practice within the meaning of K.S.A. 50-626, and amendments thereto, for any supplier to:
- (1) Fail to furnish the consumer with a fully completed receipt or copy of any contract pertaining to such sale at the time of its execution, which is in the same language, Spanish for example, as that principally used in the oral sales presentation and which shows the date of the transaction and contains the name and address of the supplier, and in immediate proximity to the space reserved in the contract for the signature of the consumer or on the front page of the receipt if a contract is not used and in boldface type of a minimum size of 10 points, a statement in substantially the following form:

"YOU THE BUYER, MAY CANCEL THIS TRANSACTION AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DATE OF THIS TRANSACTION. SEE THE ATTACHED NOTICE OF CANCELLATION FORM FOR AN EXPLANATION OF THIS RIGHT." For purposes of the required notices under this section, the term "buyer" shall have the same meaning as the term "consumer."

(2) Fail to furnish each consumer, at the time the consumer signs the door-to-door sales contract or otherwise agrees to buy consumer property or services from the supplier, a completed form in duplicate, captioned "NOTICE OF CANCELLATION," which shall be attached to the contract

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3 language, Spanish for example, as that used in the contract: 4 NOTICE OF CANCELLATION 5 (Enter date of transaction) 6 7 YOU MAY CANCEL THIS TRANSACTION, WITHOUT ANY 8 PENALTY OR OBLIGATION, WITHIN THREE BUSINESS DAYS 9 FROM THE ABOVE DATE. 10 IF YOU CANCEL, ANY PROPERTY TRADED IN, ANY PAYMENTS MADE BY YOU UNDER THE CONTRACT OR SALE, 11 AND ANY NEGOTIABLE INSTRUMENT EXECUTED BY YOU WILL 12 13 BE RETURNED WITHIN 10 BUSINESS DAYS FOLLOWING RECEIPT BY THE SELLER OF YOUR CANCELLATION NOTICE, 14 15 AND ANY SECURITY INTEREST ARISING OUT OF THE 16 TRANSACTION WILL BE CANCELED. IF YOU CANCEL, YOU MUST MAKE AVAILABLE TO THE 17 18 SELLER AT YOUR RESIDENCE, IN SUBSTANTIALLY AS GOOD 19 CONDITION AS WHEN RECEIVED, ANY PROPERTY DELIVERED TO YOU UNDER THIS CONTRACT OR SALE; OR YOU MAY, IF 20 21 YOU WISH, COMPLY WITH THE INSTRUCTIONS OF THE SELLER 22 REGARDING THE RETURN SHIPMENT OF THE PROPERTY AT THE 23 SELLER'S EXPENSE AND RISK. 24 IF YOU DO MAKE THE PROPERTY AVAILABLE TO THE 25 SELLER, AND IF THE SELLER DOES NOT PICK SUCH PROPERTY UP WITHIN 20 DAYS OF THE DATE OF YOUR NOTICE OF 26 27 CANCELLATION, YOU MAY RETAIN OR DISPOSE OF THE 28 PROPERTY WITHOUT ANY FURTHER OBLIGATION. IF YOU FAIL 29 TO MAKE THE PROPERTY AVAILABLE TO THE SELLER, OR IF YOU AGREE TO RETURN THE PROPERTY TO THE SELLER AND 30 31 FAIL TO DO SO. THEN YOU REMAIN LIABLE 32 PERFORMANCE OF ALL OBLIGATIONS UNDER THE CONTRACT. 33 TO CANCEL THIS TRANSACTION, MAIL OR DELIVER A 34 SIGNED AND DATED COPY OF THIS CANCELLATION NOTICE OR ANY OTHER WRITTEN NOTICE, OR SEND A TELEGRAM, 35 36 (Name of Seller) 37 38 AT 39 (Address of Seller's Place of Business) 40 NOT LATER THAN MIDNIGHT OF 41 (Date) 42 I HEREBY CANCEL THIS TRANSACTION. 43

or receipt and be easily detachable, and which shall contain in 10-point

boldface type the following information and statements in the same

(Date) (Buyer's Signature)

- (3) Fail, before furnishing copies of the "notice of cancellation" to the consumer, to complete both copies by entering the name of the supplier, the address of the supplier's place of business, the date of the transaction, and the date, not earlier than the third business day following the date of the transaction, by which the consumer may give notice of cancellation.
- (4) Include in any door-to-door sale contract or receipt any confession of judgment or any waiver of any of the rights to which the consumer is entitled under this section including specifically such consumer's right to cancel the sale in accordance with the provisions of this section.
- (5) Fail to inform each consumer orally, at the time such consumer signs the contract or purchases the property or services, of such consumer's right to cancel.
 - (6) Misrepresent in any manner the consumer's right to cancel.
- (7) Fail or refuse to honor any valid notice of cancellation by a consumer and within 10 business days after the receipt of such notice, to:
 (i) refund all payments made under the contract or sale; (ii) return any property traded in, in substantially as good condition as when received by the supplier; or (iii) cancel and return any negotiable instrument executed by the consumer in connection with the contract or sale and take any action necessary or appropriate to terminate promptly any security interest created in the transaction.
- (8) Negotiate, transfer, sell, or assign any note or other evidence of indebtedness to a finance company or other third party prior to midnight of the fifth business day following the day the contract was signed or the property or services were purchased.
- (9) Fail, within 10 business days of receipt of the consumer's notice of cancellation, to notify the consumer whether the supplier intends to repossess or to abandon any shipped or delivered property.
- (c) For the purposes of this section the following definitions shall apply:
- (1) "Door-to-door sale" means a sale, lease or rental of consumer property or services with a purchase price of \$25 or more, whether under single or multiple consumer transactions, in which the supplier or the supplier's representative personally solicits the sale, including those in response to or following an invitation by the consumer, and the consumer's agreement or offer to purchase is made at a place other than the place of business of the supplier. The term "door-to-door sale" does not include a transaction:
- (A) Made pursuant to prior negotiations in the course of a visit by the consumer to a retail business establishment having a fixed permanent location where the property is exhibited or the services are offered for sale on a continuing basis; or

 (B) in which the consumer is accorded the right of rescission by the provisions of the consumer credit protection act-(, 15 USCSU.S.C \S 1635), or regulations issued pursuant thereto; or

- (C) in which the consumer has initiated the consumer transaction and the property or services are needed to meet a bona fide immediate personal emergency of the consumer, and the consumer furnishes the supplier with a separate dated and signed personal statement in the consumer's handwriting describing the situation requiring immediate remedy and expressly acknowledging and waiving the right to cancel the sale within three business days; or
- (D) conducted and consummated entirely by mail or telephone; and without any other contact between the consumer and the supplier or its representative prior to delivery of the property or performance of the services: or
- (E) in which the consumer has initiated the transaction and specifically requested the supplier to visit the consumer's home for the purpose of repairing or performing maintenance upon the consumer's real or personal property. If in the course of such a visit, the supplier sells the consumer the right to receive additional services or property other than replacement parts necessarily used in performing the maintenance or in making the repairs, the sale of the additional property or services would not fall within this exclusion; or
- (F) pertaining to the sale or rental of real property, to the sale of insurance or to the sale of securities or commodities by a broker-dealer registered with the securities and exchange commission, except for transactions with respect to a lease, option, easement or other contractual obligation pertaining to land use for the purpose of building and operating a meteorological evaluation tower or sodar unit or for commercial production or transmission of electricity through wind or solar generation resources; or
- (G) that occurs on the state fairgrounds during the annual Kansas state fair between a consumer and a vendor who has been authorized by the state fair management to do business on the state fairgrounds.
- (2) "Place of business" means the main or permanent branch office of a supplier.
- (3) "Purchase price" means the total price paid or to be paid for the consumer property or services, including all interest and service charges.
- (4) "Business day" means any calendar day except Sunday, or any legal holiday as defined by K.S.A. 60-206 and amendments thereto.
- Sec. 6. K.S.A. 50-632, 50-634 and 50-640 and K.S.A. 2024 Supp. 50-624 are hereby repealed.
- Sec. 7. This act shall take effect and be in force from and after its publication in the statute book.