

## MINUTES OF THE SENATE JUDICIARY COMMITTEE

The meeting was called to order by Chairman Vratil at 9:40 a.m. on January 16, 2003 in Room 123-S of the Capitol.

All members were present.

Committee staff present:     Mike Heim, Kansas Legislative Research Department  
                                      Lisa Montgomery, Office of the Revisor of Statutes  
                                      Dee Woodson, Committee Secretary

Conferees appearing before the committee:

Senator Barbara Allen  
Paul Morrison, Johnson Co. Dist. Atty.  
John Cowles, Johnson Co. Asst. Dist. Atty.  
Jon Stewart, President/CEO, Metcalf Bank  
Sheila Walker, Dir., Ks. Dept. of Revenue  
Chuck Stones, Sr. VP, Ks. Bankers Assn.  
Janet Schalansky, Secy. of SRS  
Paul Degener, Topeka

Others attending:     see attached list

Chairman Vratil asked Vice Chairman Pugh to chair the Committee today due to his voice limitations. The Vice Chair called for bill introductions.

David Brant, Kansas Securities Commission, requests eight proposed bills be introduced; the first of which concerned securities fraud and the increase in criminal penalties and amending K.S.A. 17-1253(f). The second proposed bill relates to unregistered agents and amends K.S.A. 17-1254(f) to increase criminal penalties for offering or selling securities without being a registered broker-dealer, agent, investment adviser or investment adviser representative. The third bill involves unregistered securities, and would amend K.S.A. 17-1255(b) to increase the criminal penalties for unlawfully offering or selling securities. The fourth bill regards fines, and would amend K.S.A. 17-1266(a) to increase the maximum fine from \$5,000 to \$10,000 in administrative proceedings. The fifth proposed bill involves the scope of investigations, and would amend K.S.A. 17-1265 to enable securities investigators to investigate other criminal acts if discovered during the course of securities investigation. The sixth bill relates to financial statements and appraisals, and adding a new state law to prohibit influencing or misleading persons in the preparation financial statements or appraisals. The seventh bill concerns false filings, and amends K.S.A. 17-1264 to increase the criminal penalty for the filing of a false and misleading statement. The eighth bill involves the destruction of documents and retaliation against informants. (Attachment 1)

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Senator O'Connor moved to introduce the proposed bills, seconded by Senator Umbarger, and the motion carried.

**SB 16 - application requirements for drivers' licenses and identification cards**

Vice Chairman Pugh opened the hearing on **SB 16**.

Senator Allen testified in support of **SB 16**, a bill she introduced. She explained the purpose of the bill, and stated it was to enhance public safety, protect Kansans' financial privacy, and reduce fraud losses to the retail businesses by strengthening the verifiability of state issued identification. She called the Committee's attention to a chart included in her written testimony, which showed what each state requires for driver's license and ID card issuance. The bill also proposes to increase the photo fee from \$2 to \$4 in order to cover the fiscal note of the bill. Senator Allen included with her written testimony an article entitled "Driver's License Integrity" published by CSG and NCSL, dated June 25, 2002 which talks about the importance of states verifying foundation documents. Senator Allen urged the Committee to pass **SB 16** as Kansas is far too lax about ensuring that driver's licenses's and ID cards are secure. (Attachment 2)

General questions included concerns about Kansas not verifying foundation documents, and biometric verification being done in other states and consideration for it being used in Kansas.

Conferee Morrison testified in support of **SB 16**, and spoke to the Committee in regard to increased "white collar" type crimes in the past few years. He said that the most notable was identity theft. Mr. Morrison also stated that Kansas was one of the most lax states in identification requirements for the issuance of a driver's license or state ID card. He concluded that this bill was simple and cost effective in helping prevent future crime and victimization. (Attachment 3)

Conferee Cowles spoke in favor of **SB 16** and his concern for the rapid increase of cases involving identity theft in Kansas because of the ease of immediately obtaining fraudulent State issued identification. Mr. Cowles gave several examples of drivers' licenses being used as ID cards. (Attachment 4)

Conferee Stewart testified in support of **SB 16** in order to curtail the lenient issuance of Kansas ID cards. Mr. Stewart spoke about how this problem is affecting the banking community, what measures they have to take to prevent crimes against innocent victims and businesses, and what the financial impact can be for the banks and victims. (Attachment 5)

Conferee Walker appeared before the Committee as a proponent for **SB 16**, and spoke in detail how this bill would give her department the tools to verify that a person is who they say they are. She said that the proposed legislation would eliminate the ability to have both a driver's license and a Kansas ID which foreigners do often with the present system. (Attachment 6)

General questions and discussion followed regarding the issuance of licenses to illegal immigrants and how that was rectified, what the mechanics will be for obtaining a new license, the issue of confidentiality, and concern over time required to verify all the required information before license or ID card is issued.

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Conferee Stone testified in strong support of **SB 16**, and the use of biometric identifiers since they are the only true identifier of a person. In his detailed written testimony, Mr. Stone included articles regarding the rapidly increasing problem of identity theft. (Attachment 7)

Vice Chairman Pugh recessed the hearing on **SB 16** until the next Committee meeting.

The meeting was adjourned at 10:30 a.m. The next scheduled meeting is January 21, 2003.