



KANSAS CREDIT UNION ASSOCIATION

To: House Education Budget Committee

From: Haley DaVee, Vice President of Governmental & Public Affairs

Date: Thursday, January 24, 2013

Re: Oppose House Bill 2018

The Kansas Credit Union Association appreciates this opportunity to provide comment in opposition to House Bill 2018. The 99 Kansas credit unions are not-for-profit financial cooperatives whose purpose is to serve the financial needs of their 626,000+ member/owners.

HB 2018 would add institute of technology, private postsecondary education institutions, or out-of-state postsecondary educational institutions to the list of entities exempt from the provisions of KSA 16a-2-403, which prohibit merchants, sellers, or lessors from charging a surcharge to consumers who choose debit and credit cards as their payment method.

KCUA is opposed to expanding the list of the exempted organizations from the prohibition on debit and credit card surcharges. These educational institutions obtain tremendous benefits from choosing to utilize the electronic payment system. They 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.

The electronic payment system is not free. Financial institutions—including credit unions—have many costs associated with issuing cards, including operational costs (i.e. software), along with the costs of billing and collection, data processing, fraud prevention, and card replacement. They also bear the majority of the risk for fraud and insufficient funds. The fees paid help ensure that all parties are sharing in the expense for the system.

KCUA believes that consumers should not be penalized for choosing to pay with a debit or credit card as their payment method. These educational institutions make the business choice to offer electronic payment options knowing the costs and benefits of participating in the system. They should not shift 100 percent of the costs of electronic payments to their consumers. In addition, there is additional flexibility to offer cash discounts to students and consumers that opt not to pay with debit or credit cards.

In conclusion, the Kansas Credit Union Association respectfully requests that members of this committee oppose HB 2018 and not recommend it as favorable for passage.