

MINUTES OF THE HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE.

The meeting was called to order by Chairperson Al Lane at 9:07 a.m. on February 14, 2002 in Room 521-S of the Capitol.

All members were present except: Rep. Jerry Aday - excused
Rep. John Ballou - excused
Rep. Rick Rehorn - excused

Committee staff present: Jerry Donaldson, Legislative Research
Bob Nugent, Revisor of Statutes
Renaee Jeffries, Revisor of Statutes
Ellie Luthye, Acting Secretary

Conferees appearing before the committee: Steve Rarrick, Deputy Attorney General
Doug Smith, Direct Marketing Association
Jim Youngers, Sedgwick County Farm Bureau
Don McNeeley, Kansas Automobile Dealers Association

Others attending: See attached list

Hearing on HB 2766 - Consumer protection, automatic renewal prohibition

Steve Rarrick, Deputy Attorney General for Consumer Protection, appeared on behalf of Attorney General Carla J. Stovall, as a proponent of the bill. The bill would address the problem of consumer contracts containing automatic renewal provisions for one year or more. Their office believes these provisions are unconscionable, but may require litigation if not clarified in the Kansas Consumer Protection Act. Bill contains a typo error - paragraph © - where it should read “act or practice.” (Attachment 1) He answered questions following his testimony.

Doug Smith, Direct Marketing Association, opposes the bill as it is drafted. Businesses across the nation use automatic renewals in consumer transactions. They believe that the Attorney General already has broad authority to enforce the provisions under the current state laws. If the committee believes that there is sufficient evidence that additional statutory direction is needed, he has attached an amendment. (Attachment 2) He answered questions from the committee.

Jim Youngers, Sedgwick County Farm Bureau, suggested from the audience that they have the question at the end of their contract which reads “do you want automatic renewal.”

Written testimony was received from Michael R. Murray, Sprint, in opposition to the bill. (Attachment 3)

Chairman Lane had planned to work **HB 2766** next week but will take it off the schedule. He said he hated to have final action on a bill where there was this much controversy and have the committee make the decision about what is right. He suggested Doug Smith and Steve Rarrick get together and try to reach some type of compromise.

No others were present to testify and Chairman Lane closed the hearing on **HB 2766**._____

HEARING ON HB 2767 - Consumer protection, prohibition of engaging in acts or practices without the required license.

Steve Rarrick, Deputy Attorney General of Consumer Protection presented testimony on behalf of Attorney General Carla J. Stovall in favor of the bill. **House Bill 2767** would make the transaction of business without required federal, state, or local licenses and permits an unconscionable act and practice under the Kansas Consumer Protection Act (KCPA). (Attachment 4) Note typo error - paragraph (b) where it should read “act or practice”

Chairman Lane wanted to know what an unconscionable act was - Steve - “must be conduct so unfair or

CONTINUATION SHEET

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oppressive that it shocks the conscious of the court,” however, different judges have different opinions. Research showed where it is in Supp 50-627 which also states it is the question of the court.

Don McNeeley, Kansas Automobile Dealers Association, submitted testimony in support of the bill. It has been a very sore subject that for many years, individuals across the state have been allowed to sell used motor vehicles outside the licensing requirements of our state. (Attachment 5)

No others were present to testify for or against the bill and Chairman Lane closed the hearing on **HB 2767**.

Chairman Lane adjourned the meeting at 9:50 a.m.

The next scheduled meeting will be Tuesday, February 19, 2002.