

February 15, 2021

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 151D-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2231 by House Committee on Commerce, Labor and Economic Development

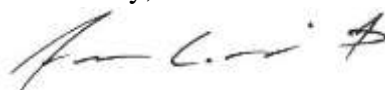
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2231 is respectfully submitted to your committee.

HB 2231 would not prohibit a plan or operation or define a plan or operation as a pyramid promotional scheme if the participants receive compensation based upon purchases of goods, services or intangible property for personal use, consumption, or resale if the plan or operation does not cause inventory loading. The bill would define inventory loading as the requirement or encouragement by a plan or operation to have an independent salesperson purchase inventory in an amount that exceeds the amount a salesperson could expect to resell, use or consume in a reasonable time frame.

Current law gives the Attorney General or county or district attorney the authority to prosecute the crime of “conducting a pyramid promotional scheme,” which this bill would continue. The Office of the Attorney General states that exempting certain activities from this definition could lead to fewer prosecutions; however, the it is not aware of any prosecutions done by the Office for violation of this statute in recent years. Thus, no fiscal effect is anticipated.

The Office of Judicial Administration indicates that enactment of the bill would have a negligible fiscal effect on the expenditures and revenues of the Judicial Branch. Any fiscal effect associated with HB 2231 is not reflected in *The FY 2022 Governor’s Budget Report*.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Debbie Thomas, Judiciary
Scott Schultz, Sentencing Commission
Willie Prescott, Office of the Attorney General