

## HOUSE BILL No. 2664

By Representatives Murphy, Blex, Esau, French, Garber, Helmer, Hoffman, Humphries, Jacobs, Lee, Mason, Neelly, Newland, Owens, Penn, Proctor, Resman, Rhiley, Seiwert, E. Smith, Sutton, Tarwater, Thomas, Waggoner and Williams

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1 AN ACT concerning unfair business practices; prohibiting banks, trust  
2 companies, credit unions and other business entities from  
3 discriminating based on certain subjective or arbitrary standards;  
4 establishing civil penalties for violations.  
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6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. (a) No bank or trust company doing business in this state,  
8 either directly or through the use of an outside contractor, shall  
9 discriminate against, advocate for or cause adverse treatment of any  
10 individual, business or other customer based on subjective or arbitrary  
11 standards, including, but not limited to:

- 12 (1) Social media posts;
- 13 (2) participation or membership in any club, association or union;
- 14 (3) political affiliation;
- 15 (4) employer;
- 16 (5) social credit score;
- 17 (6) environmental, social and governance criteria; or
- 18 (7) other similar values-based or impact criteria.

19 (b) Nothing in this section shall be construed to interfere with a  
20 bank's or trust company's ability to discontinue or refuse to conduct  
21 business with an individual account holder or potential customer when  
22 such action is necessary for the physical safety of such bank's or trust  
23 company's employees.

24 (c) Notwithstanding the provisions of subsection (a), a bank or trust  
25 company may offer customers investments, products or services that  
26 include subjective standards if such standards are fully disclosed and  
27 explained to any potential customer or investor prior to entering into a  
28 contract for such investment, product or service.

29 (d) Notwithstanding the provisions of K.S.A. 2021 Supp. 9-1809, and  
30 amendments thereto, a bank or trust company that violates the provisions  
31 of this section shall be subject to a civil penalty of \$50,000 for a first  
32 violation and a civil penalty of \$250,000 for a second or subsequent  
33 violation. Any civil penalties collected pursuant to this section shall be  
34 remitted to the state treasurer in accordance with K.S.A. 75-4215, and

1 amendments thereto. Upon receipt of each such remittance, the state  
2 treasurer shall credit the entire amount to the bank commissioner fee fund.

3 (e) This section shall be a part of and supplemental to the state  
4 banking code.

5 Sec. 2. (a) No credit union doing business in this state shall  
6 discriminate against, advocate for or cause adverse treatment of any  
7 individual, business or other customer based on subjective or arbitrary  
8 standards, including, but not limited to:

- 9 (1) Social media posts;
- 10 (2) participation or membership in any club, association or union;
- 11 (3) political affiliation;
- 12 (4) employer;
- 13 (5) social credit score;
- 14 (6) environmental, social and governance criteria; or
- 15 (7) other similar values-based or impact criteria.

16 (b) Nothing in this section shall be construed to interfere with a credit  
17 union's ability to discontinue or refuse to conduct business with an  
18 individual account holder or potential customer when such action is  
19 necessary for the physical safety of such credit union's employees.

20 (c) Notwithstanding the provisions of subsection (a), a credit union  
21 may offer customers investments, products or services that include  
22 subjective standards if such standards are fully disclosed and explained to  
23 any potential customer or investor prior to entering into a contract for such  
24 investment, product or service.

25 (d) A credit union that violates the provisions of this section shall be  
26 subject to a civil penalty of \$50,000 for a first violation and a civil penalty  
27 of \$250,000 for a second or subsequent violation. Any civil penalties  
28 collected pursuant to this section shall be remitted to the state treasurer in  
29 accordance with K.S.A. 75-4215, and amendments thereto. Upon receipt  
30 of each such remittance, the state treasurer shall credit the entire amount to  
31 the credit union fee fund.

32 (e) This section shall be a part of and supplemental to the state credit  
33 union code.

34 Sec. 3. (a) No business entity in this state shall discriminate against,  
35 advocate for or cause adverse treatment of any individual, business or  
36 other customer in such business entity's business practices based on  
37 subjective or arbitrary standards, including, but not limited to:

- 38 (1) Social media posts;
- 39 (2) participation or membership in any club, association or union;
- 40 (3) political affiliation;
- 41 (4) employer;
- 42 (5) social credit score;
- 43 (6) environmental, social and governance criteria; or

1 (7) other similar values-based or impact criteria.

2 (b) Nothing in this section shall be construed to interfere with a  
3 person's or business entity's ability to discontinue or refuse to conduct  
4 business with a customer when such action is necessary for the physical  
5 safety of such person, such business entity or such business entity's  
6 employees.

7 (c) Notwithstanding the provisions of subsection (a), a business entity  
8 may engage in a business practice described in subsection (a) if the  
9 specific business practice is fully disclosed to the potential customer prior  
10 to such potential customer and such business entity entering into any  
11 business transaction.

12 (d) A business entity that violates the provisions of this section shall  
13 be subject to a civil penalty of \$50,000 for a first violation and a civil  
14 penalty of \$250,000 for a second or subsequent violation. The attorney  
15 general shall enforce this section. Any civil penalties collected by the  
16 attorney general pursuant to this section shall be remitted to the state  
17 treasurer in accordance with K.S.A. 75-4215, and amendments thereto.  
18 Upon receipt of each such remittance, the state treasurer shall credit the  
19 entire amount to the state general fund.

20 (e) For purposes of this section, "business entity" means a sole  
21 proprietorship, corporation, limited liability company, association,  
22 partnership, joint-stock company, joint venture, mutual fund, trust, joint  
23 tenancy or other similar form of business organization.

24 Sec. 4. This act shall take effect and be in force from and after its  
25 publication in the statute book.