

SESSION OF 2022

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2231**

As Amended by Senate Committee on Judiciary

**Brief\***

HB 2231, as amended, would exclude from the definition of the crime of conducting a pyramid promotional scheme plans and operations in which participants give consideration in return for the right to receive compensation based upon purchases, provided that the plan or operation does not cause “inventory loading.”

The bill would define “inventory loading” to mean the requirement or encouragement by a plan or operation to have an independent salesperson purchase inventory in an amount that exceeds the amount the salesperson can expect to resell or to use or consume in a reasonable time period. The bill would provide other definitions.

**Background**

The bill was introduced by the House Committee on Commerce, Labor and Economic Development at the request of the Kansas Chamber of Commerce.

***House Committee on Commerce, Labor and Economic Development***

In the House Committee hearing on February 15, 2021, representatives of Amway and the Direct Sellers Association testified as **proponents**, stating the bill would more effectively define illegal pyramid schemes than current law. No other testimony was provided.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

### ***Senate Committee on Judiciary***

In the Senate Committee hearing on February 1, 2022, the same conferees who testified before the House Committee on Commerce, Labor and Economic Development again provided **proponent** testimony. No other testimony was provided.

On February 10, 2022, the Senate Committee adopted a technical amendment to update statutory references.

### **Fiscal Information**

According to the fiscal note dated February 15, 2021, prepared by the Division of the Budget on the bill, as introduced, the Office of the Attorney General anticipates the bill would have no fiscal effect on its operations, and the Office of Judicial Administration indicates the bill would have a negligible fiscal effect on the Judicial Branch.

Crimes; pyramid promotional schemes