

February 6, 2012

The Honorable Ruth Teichman, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 236-E
Topeka, Kansas 66612

Dear Senator Teichman:

SUBJECT: Fiscal Note for SB 286 by Senate Committee on Commerce

In accordance with KSA 75-3715a, the following fiscal note concerning SB 286 is respectfully submitted to your committee.

SB 286 relates to the use of credit history, creating the Fair Use of Credit History Act. The bill would prohibit use of someone's consumer report in determining employment or compensation unless the employer, labor organization or employment agency has a legitimate purpose for requesting or using that information in job-related decisions and discloses in writing to the employee or applicant the information is being used.

SB 286 would allow use of a person's consumer report by a landlord only for the purpose of assessing the person's payment history with prior landlords. If a landlord rejects an applicant, written disclosure must be provided within ten days.

Anyone whose credit information has been obtained or used contrary to the provisions of the Act may file a complaint with the Secretary of Labor. The Secretary of Labor must submit an annual report to the Governor and Legislature outlining the number of complaints received in the previous calendar year, as well as the number of complaints resolved and any other relevant information.

According to the Department of Administration, SB 286 exempts the state agencies which use credit information in employment decisions from the bill, so it would have no effect on state agencies.

The Department of Labor indicates that the bill would require the agency to investigate complaints associated with employment decisions that are not currently performed. There is no adjudication or penalty authorized in the bill, although it does grant the Secretary authority to promulgate rules and regulations. The agency would incur new costs for investigative processes


The Honorable Ruth Teichman, Chairperson

February 6, 2012

Page 2—286

and the personnel necessary to conduct the investigations as well as conciliator and mediation services. As there are no penalties authorized in the bill, the program would require State General Fund support. The agency anticipates it may need two conciliator/investigator staff and one administrative assistant, although it does not provide an exact cost estimate of the additional staff. Any fiscal effect associated with SB 286 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Kathie Sparks, Department of Labor
Marilyn Jacobson, Administration