

Approved: 3-10-10

Date

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 a.m. on March 4, 2010, in Room 152-S of the Capitol.

All members were present.

Committee staff present:

Ken Wilke, Office of the Revisor of Statutes  
Melissa Calderwood, Kansas Legislative Research Department  
Terri Weber, Kansas Legislative Research Department  
Beverly Beam, Committee Assistant

Conferees appearing before the Committee:

John Peterson, Visa, Inc.  
Dr. Philip Bradley, Kansas Licensed Beverage Assn.  
Ernest Kutzley (written only), Advocacy Director, AARP  
Haley DaVee (Written only), Assistant VP Legislative and Public Affairs

Others attending:

See attached list.

John Peterson, Visa, Inc. (Attachment 1)

Dr. Philip Bradley, Kansas Licensed Beverage Assn. (Attachment 2)

Haley DaVee (Written only), Assistant VP Legislative and Public Affairs (Attachment 3)

The Chair called the meeting to order.

Hearing on

**HB 2473 - Prohibiting sellers, lessors and credit card issuers from imposing a surcharge on credit and debit card transactions**

Melissa Calderwood, Research Department, gave an overview of HB 2473. Ms. Calderwood stated that HB 2473 would amend the Kansas Uniform Consumer Credit Code to prohibit a seller or lessor from imposing a surcharge on a card holder who uses a debit card in lieu of a cash payment. She said under current law, a seller is prohibited from imposing the surcharge on a card holder who uses a credit card in lieu of the cash payment.

John Peterson testified on behalf of Visa, Inc. in support of HB 2473. Mr. Peterson stated that this bill will update current Kansas law to include debit cards as well as credit cards in the law prohibiting surcharging of consumers. He said when the statute was written, debit cards did not exist; however, now they have become an important part of our system of commerce. He said, in fact, Kansas provides debit cards to citizens receiving unemployment benefits, public assistant and child support. He noted that states save millions of dollars every year utilizing debit card disbursements and, in addition, merchants receive huge benefits from credit and debit cards. He said by using credit and debit cards, they get instant, guaranteed payments, they avoid bad check losses and don't have to worry about theft from the cash register. Finally, he said this bill prohibits a potential consumer fee that 95 percent of American households who use credit and debit cards care about. He noted that debit card surcharges could affect the citizens of this state who are most unable to afford what would essentially be a new consumer tax on users of debit cards. (Attachment 1)

3/14/10

Mr. Philip Bradley, Kansas Licensed Beverage Association, testified in support of HB 2473; however, he offered an amendment to the bill. He stated that his organization supports the addition of debit cards as a payment option for use by our citizens and that they be treated the same as other payment options. He said, however, that they object to the fact that the government is not treated the same as other sellers. He noted that they understand the state and counties charge a fee to use credit and other cards for renewals and other fees paid, and they just ask that everyone or no one be subjected to this statute. (Attachment 2)

CONTINUATION SHEET

Minutes of the Senate Financial Institutions and Insurance Committee at 9:30 a.m. on March 4, 2010, in Room 152-S of the Capitol.

Haley DaVee, Kansas Credit Union Association, presented written testimony in support of HB 2473. (Attachment 3)

**Presentation on Kansas Online Insurance Verification System**

Shawn Goff, MV Solutions, Inc. and Charles Pecchio, Verification Solutions, Inc. made a presentation to the Committee regarding Kansas Online Insurance Verification System.

Senator Brownlee moved the Minutes of February 25 and March 3 be approved. Senator Steineger seconded. Motion carried.

The next meeting is scheduled for March 9, 2010.

The meeting was adjourned at 10:30 am.



**STATEMENT**

By

John Peterson, Visa Inc.

In Support of HB 2473

Senate Committee on Financial Institutions and Insurance

March 4, 2010

Madam Chair and Committee members, my name is John Peterson and I am appearing on behalf of Visa Inc. in support of HB 2473.

Visa is an electronic payments network linking consumers with thousands of financial institutions worldwide, including 313 in Kansas. Visa is not a bank or a credit union, it doesn't issue credit or debit cards; financial institutions do that, what Visa provides is the secure network these cards ride on.

HB 2473 will update current Kansas law to include debit cards as well as credit cards in the law prohibiting surcharging of consumers. When the statute was written debit cards did not exist. They now they have become an important part of our system of commerce. In fact, Kansas provides debit cards to citizens receiving unemployment benefits, public assistance and child support. States save millions of dollars every year utilizing debit card disbursements. In addition, merchants receive huge benefits from credit and debit cards. They do have a choice and can simply proceed on a cash and check basis. But by utilizing credit and debit cards they get instant, guaranteed payments, they avoid bad check losses and don't have to worry about theft from the cash register.

HB 2473 prohibits a potential consumer fee that the 95 percent of American households that use credit and debit cards care about. Debit card surcharges could affect the citizens of this state who are most unable to afford what would essentially be a new consumer tax on users of debit cards. Kansas enacted its surcharge prohibition on credit cards to protect consumers and we would encourage you to modernize this law by including debit cards.

Thank you for this opportunity to present this statement.

*FI&I Committee  
3-4-10  
Attachment 1*



*Kansas  
Licensed  
Beverage  
Association*

Testimony on HB-2473  
March 4, 2010

Senate Financial Institutions and Insurance Committee

Chair Teichman, and Senators of the Committee,

I am Philip Bradley representing the Kansas Licensed Beverage Assn. (KLBA). Thank you for the opportunity to speak today and I will be brief. And in respect for your time I am also speaking for the Kansas Viticulture and Farm Winery Assn. (KVFWA) and the Craft Brewers Guild of KS (CBGK) in combined testimony.

**We all ask and urge you to amend HB 2473!**

We support the addition of debit cards as a payment option for use by our citizens. We even support that they be treated the same as other payment options. We object to the fact that the government is not treated the same as other sellers. We understand the state and counties charges a fee to use credit and other card for renewals and other fees paid. We ask that **everyone or no one** be subjected to this statute.

There are undoubtedly further issues and questions that will arise as these are read therefore I am available for your questions today and at your convenience.

Again thank you for your attention and consideration.

Philip Bradley

*KLBA – Kansas Licensed Beverage Assn. represents the interests of the men and women in the hospitality industry, who own, manage and work in Kansas bars, breweries, clubs, caterers, hotels, and restaurants. These are the places you frequent and enjoy with the tens of thousands of employees that are glad to serve you.*

*KVFWA – Kansas Viticulture and Farm Winery Assn: We began our Association in 2004 but our journey began decades ago. Our mission is the promotion of the production of wine from Kansas grapes, the science and practice of viticulture in the State of Kansas, and the development of Kansas Farm Wineries. We include farm wineries (such as Blue Jacket, Davenport, Holy-Field, Stone Pillar and White Tail Run) and numerous growers of fine grapes*

*CBGK-Craft Brewers Guild of Kansas is the microbrewers and craft brewers of Kansas. We are a diverse group that embraces the commercial operations and the home hobby artist brewer.*

**Philip Bradley  
CEO**

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*FI&I Committee  
3-4-10  
Attachment 2*

**To: Senate Financial Institutions and Insurance Committee**  
**From: Haley DaVee, Assistant Vice President of Legislative & Public Affairs**  
**Date: Thursday, March 4, 2010**  
**Re: Written Support of House Bill 2473**

The Kansas Credit Union Association, on behalf of the 106 Kansas credit unions, appreciates this opportunity to provide written comment in support of House Bill 2473. Kansas credit unions are not-for-profit financial cooperatives whose purpose is to serve the financial needs of their 560,000 member/owners.

The consumer credit code currently contains language prohibiting the merchants, sellers, or lessors from charging a surcharge to consumers who choose credit cards as their payment method. HB 2473 would amend the consumer credit code to provide a similar prohibition on surcharges for the use of debit cards as a payment method. As the use of debit cards has increased over the past decade, it is logical that the statute needs updated to include similar protection for the use of debit cards. In addition, consumers today can oftentimes choose debit or credit options for their debit card transactions.

KCUA believes that consumers should be afforded the same protection under the consumer credit code for debit card transactions. Merchants make the choice to offer electronic payment options and should not penalize Kansas consumers for choosing to pay with debit cards. Merchants derive the benefit of immediate cash flow through the acceptance of electronic payments with less insufficient funds risk presented by checks or security issues stemming from cash transactions

In conclusion, the Kansas Credit Union Association respectfully requests that the Senate Financial Institutions and Insurance Committee recommend HB 2473 as favorable for passage.

*FI & I Committee*  
*3-4-10*  
*Attachment 3*