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**Testimony of Office of Attorney General on House Bill 2447
Presented to the House Judiciary Committee
By Chief Deputy Attorney General Jeff Chanay**

January 26, 2022

Chairman Patton and members of the Committee, thank you for the opportunity to testify in support of the passage of House Bill 2447.

House Bill 2447 is the final piece in concluding the litigation captioned *Thomas Edward Blumer, on behalf of himself and all others similarly situated v. State of Kansas*, in the District Court of Shawnee County, Kansas, Case No. 2019-CV-720. This case was a class action challenge to fee fund “sweeps” from the Securities Act Fee Fund pursuant to K.S.A. 17-12a601(a) and K.S.A. 75-3170a. By operation of law, the sweeps from the Securities Act Fee Fund grossly exceeded the amount necessary to reimburse the state general fund for accounting, auditing, budgeting, legal, payroll, personnel, and purchasing services, thus making the sweeps likely unlawful. Due to prior case law, it was determined that this was a matter that should to be resolved short of trial.

Ultimately the litigation was settled through the coordinated efforts of the Office of the Governor, Division of Budget, Office of Attorney General, and Department of Insurance. The settlement was approved by District Judge Teresa Watson after the certification of the plaintiff class. All of the financial terms of the settlement have been carried out. The only settlement term that has not been accomplished is the agreement to request and recommend to the Legislature that the language be struck from K.S.A. 17-12a601(a)(4) and (5) that effectuated the fee sweep.

Requested action

House Bill 2447 statutorily carries out what the State of Kansas has already agreed to do by settlement agreement and subsequent court order. The attorneys for the plaintiffs have indicated that passage of HB 2447 in its current form is compliant with the terms of the settlement agreement. Therefore, the Office of Attorney General recommends and requests its passage without amendment.

Thank you and I will stand for questions.

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