

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE

The meeting was called to order by Chairman Ray Cox at 3:30 p.m. on February 11, 2004 in Room 527-S of the Capitol.

All members were present.

Committee staff present:

Bruce Kinzie, Revisor's Office
Bill Wolff Legislative Research Department
Maggie Breen, Secretary

Conferees appearing before the committee:

Ron Gaches,
Kevin Glendening, Office of the State Bank Commissioner

Others attending:

See Attached List.

Chairman Cox opened the hearing on HB 2635 - UCCC, additional charges, insufficient check charges, notice.

Ron Gaches, Kansas Financial Services Association, said **HB 2635** proposes to amend the Kansas Consumer Credit Code chapter 16a, in two ways. First it would allow a modest fee to be charged by regulated lenders for executing an electronic payment through the use of automated clearing-house procedures on the borrower's checking account. Authorization of the \$5 fee will fairly compensate lenders for a service increasingly in demand without being an undue burden on borrowers. The second change is intended to authorize an alternative "written notice" option to the consumer prior to charging the consumer for an insufficient check penalty. Current law requires a notice to the consumer by registered mail if the maximum \$30 penalty is charged. The original bill substituted a written notice in the monthly notice for the registered mail notice. However, he had an amendment to the bill as he learned that many UCCC lenders issue a payment book and don't send borrowers a monthly notice. The amendment authorizes the lender to provide written notice on either the monthly statement or by sending the consumer notice through use of first class mail. He thanked the committee for consideration of the proposal. **(Attachment 1)**

Kevin Glendening, Office of the State Bank Commissioner, presented an amendment to the bill. Item (4) adding "single installment" changing "licensee" to "creditor" and adding "subject to the following limitations: (A) No charge shall be assessed in the creditor also collects a delinquency fee on the same installment; and (B) No charge shall be assessed where the consumer has agreed in writing with the creditor to make all scheduled payments through the use of the automated clearinghouse procedures." **(Attachment 2)**

Bruce Kinzie said that considering the amendments being presented, he would recommend a substitute bill to make it cleaner, thus more clear. Ron Gashes said he had no objection to a substitute bill with the amendments included.

Representatives Vickrey, Campbell, Burroughs, Boyer, and Goico had questions on the bill which were answered by Ron Gashes and Kevin Glendening.

Chairman Cox closed the hearing on HB 2635 and said the committee would work HB 2685 - Payday loans, concerning regulation thereof.

Representative Dreher make a motion to amend HB 2685 on page 3, line 4, by striking the words "made under" and inserting the words "subject to." Representative Grant seconded the motion. The motion carried.

Representative Campbell made a motion to pass HB 2685 as amended. Representative Boyer seconded the motion. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE at 3:30 p.m. on February 11, 2004 in Room 527-S of the Capitol.

Representative Grant made a motion to approve the minutes of February 9 as written. Representative Campbell seconded the motion. The motion carried.

Chairman Cox said the committee would meet twice next week.

Meeting adjourned at 4:09 p.m.

The next meeting is scheduled for Monday, February 16.