

February 15, 1993  
Date

MINUTES OF THE HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson William Bryant at 3:30 p.m. on February 11, 1993 in Room 527-S of the Capitol.

All members were present except: Phil Kline, Excused

Committee staff present: William Wolff, Legislative Research Department  
Bruce Kinzie, Revisor of Statutes  
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee:  
Representative Elaine Wells  
Trix Niernberger, Healthy Kids Corporation  
William Caton, Consumer Credit Commissioner  
Representative Tim Shallenberger

Others attending: See attached list

Representative Elaine Wells asked for the introduction of legislation which would establish a pilot program to set up computerized cross checks to locate uninsured motorists residing in Kansas (Attachment 1). Representative Allen moved for the introduction of the legislation . Representative Gilbert seconded the motion. Motion carried.

Trix Niernberger, Executive Director of the Kansas Healthy Kids Corporation, stated that the purpose of the project is to implement programs which will provide comprehensive health insurance benefits to all Kansas school age children who are not insured as well as their non-school age siblings. Pilot programs at three different sites will be established by July 1, 1993 (Attachment 2). The Caring Program sponsored by three private agencies is more narrow in scope with out-patient and limited hospitalization emphasis. It is financed through state and federal grants and physician discounts for families for up to 100% poverty level. This program can serve up to 2,500 qualifying children.

The Healthy Kids Corporation is working closely with the Caring Program in order to better coordinate and expand efforts. The HKC can serve participants up to 180% of the poverty level. The amendments as requested in HB 2139 would enable the HKC to function more efficiently by:

1. The Executive Director or her appointees would not have to become licensed insurance agents in order to explain the program to school districts.
2. Eliminates the necessity of following the insurance statutes in implementing the program. (Dick Brock of the Insurance Department indicated this exemption could be narrowed depending on the Committee's recommendations).
3. Schools can become the sponsor of the insurance plan.
4. Would allow the HKC to establish a separate bank account as they are a quasi-public corporation.
5. Would exempt the HKC from state purchasing laws but would not exempt them from the Unfair Practices Act.

Ms. Niernberger explained the 11 duties of the Board of Directors and charted their progress to date.

Hearing on HB 2197 - UCC, loan finance changes for certain loans

William F. Caton, Consumer Credit Commissioner, presented the Committee with supporting data for the adoption of the proposed legislation (Attachment 3). The bill would:

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,  
Room 527-S Statehouse, at 3:30 p.m. on February 11, 1993.

1. Lower the cost of money to the consumer.
2. Prohibit the lender from collecting civil penalties for a worthless check.
3. Allow legitimate businesses to operate with a reasonable profit margin.
4. Provide a simple mechanism to supervise this industry.
5. Give the Legislature an opportunity to be sensitive and responsive to Kansas consumers of small means who are sometimes unable to budget properly between paychecks.

This is a socio-economic problem of people who do have jobs and checking accounts but cannot make it from payday to payday. Check cashing businesses hold the worthless checks for up to \$25 for the customer and charge high interest rates and fees for the short-term loan. Hopefully this legislation would provide a schedule of rates and fees for short-term loans and increase the amount to be loaned up to \$100. There are currently 36 licensed operators in Kansas representing a \$10 million industry.

Representative Shallenberger appeared in opposition to the bill. Even if the maximum amount to be loaned was increased to \$100, the industry would still have the option of staying with the \$25.00 amount so more fees can be charged. The people who can least afford these high charges are the victims.

### Hearing on HB 2198 - Adjustment of dollar amounts for consumer loans, finance charges

William F. Caton, Consumer Credit Commissioner, stated that this amendment will change the formula that is used to calculate the amount of principal that the maximum allowable interest rate may be charged on (Attachment 4). The amendment will change the benchmark date from 1974 to the date the last change was made, thus correcting a calculation problem.

### Hearing on HB 2199 - UCC, definition of credit card

This amendment is necessitated by recent requests for clarification on the definition of credit card. The current term "arrangement" is not consistent with federal Truth in Lending Regulation Z. (Attachment 5)

Representative Minor moved for the approval of the February 10 meeting. Representative Bruns seconded the motion. Motion carried.

The meeting was adjourned at 4:37 p.m. The next meeting is scheduled for February 15, 1993.

## GUEST LIST

COMMITTEE:

700

DATE:

2-11-93

[illegible]

LEGISLATIVE PROPOSAL NO.

AN ACT relating to insurance; automobile liability insurance required by K.S.A. 1991 Supp. 40-3118; uninsured motor vehicles; verification system; fees; report required.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF KANSAS:

New Section 1. (a) No later than 30 days following the effective date of this act, the director of the division of vehicles shall, in addition to current procedures, establish a system of verifying continuous compliance with K.S.A. 1991 Supp. 40-3118 by all persons to which such act applies which, at a minimum, includes the following elements:

(1) Identification of a data processing vendor or vendors who has:

(A) the capability to provide adequate equipment, software, programming and processing for operation of the system, and such other facilities and capabilities as the verification system may require; and

(B) a demonstrated ability to match and cross-match information hereinafter described that is acquired or possessed by the division of motor vehicles with information acquired or possessed by insurers as necessary to identify a specific motor vehicle with its specific motor vehicle liability insurance policy and the issuing insurer;

(2) an initial application of the verification system to

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motor vehicles registered in Shawnee, Jefferson, Jackson, Leavenworth and Johnson counties of Kansas with the capability of statewide expansion within not more than a 180 day period if so directed by the legislature and governor. The initial application in Shawnee, Jefferson, Jackson, Leavenworth and Johnson counties shall operate for a period of fifteen (15) months commencing October 1, 1993 and ending on December 31, 1994.

(b) The division of vehicles shall, not later than September 1, 1993 and not less frequently than monthly thereafter, provide the selected data processing vendor a report of all licensed operators and all motor vehicles registered in Shawnee, Jefferson, Jackson, Leavenworth and Johnson counties in Kansas in machine readable form which includes the following information:

(1) The complete name, address, zip code, date of birth, sex and, if available, social security number of each licensed operator; and

(2) the name of the insurer providing motor vehicle liability insurance, the policy number, vehicle identification number and year, make, model, for each motor vehicle registered in Shawnee, Jefferson, Jackson, Leavenworth and Johnson counties.

(c) Any fees which would otherwise be chargeable to the selected data processing vendor for the information described in paragraphs (1) and (2) of subsection (b) shall be waived. The Secretary of Revenue shall have the option to use the notice, suspension and imposition of reinstatement fees provisions pursuant to K.S.A. 40-3104; such action to be taken upon reliance on the

information provided by the selected data processing vendor.

(d) (1) Insurers shall, not later than September 1, 1993 and not less frequently than monthly thereafter provide the designated data processing vendor a report in machine readable form of all motor vehicles for which liability insurance is currently provided and that are registered or indicate the named insured resides in Shawnee, Jefferson, Jackson, Leavenworth or Johnson county. Each report shall include all of the information described in subsections (b)(1) and (2) of this act as is available, but which must include complete name, address, date of birth, sex, policy number and coverage initiation date.

(2) The commissioner shall establish with each insurer its proportionate share of the vendor's certified estimate of its data processing fee on October 1, 1993, determined by applying to the total fee the same proportion as the total earned premiums it received in the State of Kansas for all motor vehicle liability insurance policies described in K.S.A. 40-3107 bears to the premiums received on such business by all insurers during the most recent calendar year for which the information is available from the commissioner.

(3) The proportionate share of the vendor's certified estimate of its data processing fee attributable to any insurer no longer doing business in Kansas shall be apportioned to those insurers currently doing business in Kansas according to the proportion determined by the formula noted at (1)(d)(2) above, applied to the share otherwise allocable to the insurer or insurers

no longer doing business in Kansas.

(4) This determination shall be paid to the Secretary of Revenue by each insurer in five equal quarterly payments commencing on or before November 1, 1993. The Secretary of Revenue shall disburse funds from the aggregate receipts to the vendor monthly, upon presentation of billing. At the conclusion of the project, the vendor and the Secretary of Revenue shall reconcile accounts, with the commissioner to assess any shortfall or rebate any overage according to the ratio determined at Sec. 1(d)(2) and 1(d)(3).

(5) Failure of any insurer to comply with the requirements of this act shall be enforceable by the commissioner pursuant to Chapter 40 of the Kansas Statutes Annotated.

(6) Any self-insurer in compliance with K.S.A. 40-3104(d) or K.S.A. 66-1128 is exempted from the provisions of this act.

Sec. 2. The provision of K.S.A. 1991 Supp. 45-221(a)(11) shall not apply to the release of any information acquired by the division of vehicles pursuant to K.S.A. 1991 Supp. 40-3318 to the selected vendor but such vendor and its employees shall be responsible for maintaining the confidentiality of the information other than as is necessary to provide relevant information to the division of vehicles.

Sec. 3. The provisions of K.S.A. 75-3738 to 75-3744 inclusive shall not apply to selection of the vendor identified pursuant to Section 1, Sub-section (a) of this Act.

Sec. 4. On or before February 1, 1995, the director of the

division of vehicles shall report to the governor and the legislature data obtained through the verification system established under the provisions of this act which is informative as to:

(a) The number of uninsured motor vehicles identified by the system during the application period up to December 31, 1994;

(b) the number of uninsured motor vehicles identified by the division of vehicles through accident reports, sample verifications and other techniques employed pursuant to K.S.A. 1991 Supp. 40-3118 prior to passage of this act;

(c) an analysis of the merits of the verification system established pursuant to this act; and

(d) a recommendation as to whether the system should be expanded statewide, and, if so, a description of any necessary or desirable changes in its statutory requirements.

Sec. 5. As used in this act the following words and phrases have the meanings respectfully ascribed to them herein:

a) "Insurer" means any insurance company, as authorized by K.S.A. 40-201, duly authorized to transact business in this state and which issues policies of motor vehicle liability insurance covering liability arising out of the ownership, operation, maintenance or use of a motor vehicle.

b) "Motor vehicle" means every self-propelled device in, upon or by which any person or property is or may be transported or drawn upon a public highway, excepting devices moved by human power, used exclusively upon stationary rails or tracks,



and also excepting a motorized bicycle or a motorized wheelchair.

c) "Machine readable form" means information encoded in a fashion that a computer can interpret, understand and act upon it, with such information transmitted on magnetic or electronic media.

d) "Uninsured motor vehicle" means any motor vehicle which is not included under an approved self-insurance plan of a self-insurer or for which there is not in effect a motor vehicle liability insurance policy meeting the requirements of the Kansas Automobile Injury Reparations Act at K.S.A 40-3101 et seq.

e) "Commissioner" means the Commissioner of Insurance for the State of Kansas or his designee.

Sec. 6. This act shall take effect and be in force from and after its publication in the statute book.



## **KANSAS HEALTHY KIDS CORPORATION**

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**913-296-7200  
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### **REPORT TO GOVERNOR JOAN FINNEY AND THE KANSAS LEGISLATURE**

**Submitted by the Board of Directors of the  
Kansas Healthy Kids Corporation  
February 1, 1993**

The Board of Directors of the Kansas Healthy Kids Corporation is pleased to present our first report to Governor Joan Finney and the Kansas Legislature, as required by Chapter 168 of the 1992 Session Laws of Kansas. We approved this report by action in our meeting of January 27, 1993.

The goal of the Kansas Healthy Kids Corporation is to implement programs which will provide comprehensive health insurance benefits to all Kansas school age children who are not insured, as well as their non-school siblings. We will be testing the programs in three school districts and plan to choose the pilot sites by July 1, 1993. We will also be selecting insurance benefits for the pilot sites by that same date.

The responsibility for implementing the goals of the Kansas Healthy Kids Corporation rests with the Board of Directors. The Board is committed to involving the financial and human resources of the private and public sectors, including businesses, foundations and the federal government, in order to execute our goals.

Our Board of Directors is composed of 21 members, which includes four non-voting members. Seventeen of the board members are appointed by the Governor and legislative leaders. These appointments have been made, with the exception of one appointment by the Governor.

The first meeting of the Board of Directors was convened at the direction of Governor Finney on September 18, 1992. At that meeting, we elected officers who are: Gary Sherrer from Wichita as Chairperson, Representative Barbara Allen from Prairie Village as Vice-Chairperson, Patricia Hurley from Topeka as Secretary, and Michael Keating from Marysville as Treasurer. In this first meeting, we also agreed on qualifications and a hiring process for staff, extended

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**Report submitted by the Kansas Healthy Kids Corporation**  
**February 1, 1993**  
**Page 2**

authority to Board officers to locate office space, and made arrangements for working with the State budget division.

The Executive Committee of the Board quickly began the search process for the executive director of the Corporation. The position was advertised throughout the State. In the Board meeting of November 5, 1992, we authorized the hiring of Trix Niernberger as executive director for the corporation. Trix has extensive health and non-profit management expertise, as well as experience working in the Kansas budget division.

The Board met on December 2, 1992, in an extended session to discuss an agency mission statement and goals, formulate action steps and identify operational or structural issues.

Both Trix Niernberger and Lisa Morris, administrative assistant, began employment with Kansas Healthy Kids Corporation on January 4, 1993. They have spent the last few weeks establishing an office in accordance with state procedures, as well as beginning to implement the programmatic functions of the corporation.

Five committees of the Board have been established which include the Executive Committee, a committee to study elements of The Caring Program For Children to better able us to plan and coordinate our efforts, a committee to define the benefits to be offered under the Healthy Kids Program, a committee to determine the criteria for pilot site selection, and a committee to study and learn from other states' efforts in health insurance reform for children. All committees met on January 27, 1993 and have begun their work.

With less than half of our fiscal year remaining, we are well within our budget in all budget categories. We plan to carry forward some of this year's appropriation to continue our work into next fiscal year.

We have carefully and deliberately reviewed the law which created the Kansas Healthy Kids Corporation to ensure that it will meet our future needs. Although the initial legislation provides the framework for the Kansas Healthy Kids Corporation, we are requesting technical amendments this session to enhance our public/private partnership and to ensure the success of our pilot projects. These amendments will allow us to establish a bank or savings account for non-state revenue, exempt our corporation and our contracts from Kansas insurance laws other than the unfair trade practices act provisions, and exempt the corporation from state purchasing laws as are other quasi-public corporations which have been developed by the State such as Kansas, Inc.

The members of the Board of Directors are aware of our 11 duties under the law. We plan to fulfill our responsibilities in an effective and efficient manner. These requirements are:

- (1) Develop a program which will provide, based on ability to pay, health insurance benefits including preventive and primary care services and basic dental care to all Kansas school aged children who are not otherwise covered by public or private insurance programs, grades kindergarten through 12, and their non-school siblings younger than 18 years of age, such program to have children enrolled and be providing services in at least three pilot school districts on or before July 1, 1994, and subsequent to the establishment of such pilot programs provide for the expansion of the program to other school districts as appropriate.
- (2) Establish, with consultation from experts, appropriate professional organizations and others, a list of benefits appropriate to children which will be included in the insurance program.
- (3) Establish eligibility criteria which children and their families must meet in order to participate in the program.
- (4) Develop and implement a plan to publicize the Kansas healthy kids program, the eligibility requirements of the program and the procedures for enrollment in the program.
- (5) Accept and receive grants, loans, gifts or donations from any public or private entity.
- (6) Develop funding sources.
- (7) Employ staff necessary to administer the program.
- (8) Establish administrative and accounting procedures for the operation of the corporation.
- (9) Enter into contracts as may be necessary for administrative and other services.
- (10) Coordinate the development of the Kansas healthy kids program with other public or private initiatives in order to promote efficiency and coordination and to avoid duplication of effort.
- (11) Report on activities to the Governor and to the Legislature on or before February 1 each year.

We are pleased with our progress to date and are looking forward to a very productive next few months as we plan the insurance program and choose the pilot sites. We are excited about our challenges and the opportunity you have given us. Please call any member of our Board or our executive director, Trix Niernberger, at 296-7200, if you have questions or would like to discuss our work. A list of our Board of Directors is attached. We look forward to hearing from you, as we design health insurance programs which will benefit the uninsured children of our State.

# KANSAS HEALTHY KIDS CORPORATION

## BOARD OF DIRECTORS

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Ms. Azzie Young  
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(913) 296-1300

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# KANSAS

Office of CONSUMER CREDIT COMMISSIONER

Joan Finney  
Governor

Wm. F. Caton  
Commissioner

## HOUSE BILL 2197 WILL:

LOWER the cost of money to the consumer. Presently, the check cashing industry has limited the proceeds to \$25, which makes consumers do multiple transactions. A consumer who needs \$100 is forced to make multiple transactions at a higher cost than this bill permits.

PROHIBIT the lender from collecting civil penalties for a worthless check. This bill specifically prohibits any additional charges for bad checks except for one charge defined in UCCC (\$10 to \$30). No court costs, third party collection fee, or civil penalties may be assessed. (see chart on reverse side)

ALLOW legitimate businesses to operate with a reasonable profit margin. The availability of this kind of loan from supervised lenders will discourage undesirable and possibly illegal businesses. \$15 for a \$100 loan does NOT provide exorbitant profits when the amount of risk and costs of collection are taken into consideration.

PROVIDE a simple mechanism to supervise this industry. This bill requires lenders to be licensed under the Uniform Consumer Credit Code and provides the Consumer Credit Commissioner a Statute that will be easy to enforce. All other provisions of the Code must be complied with, which includes disclosure of interest rates.

GIVE the Legislature an opportunity to be sensitive and responsive to Kansas consumers of small means who are sometimes unable to budget properly between paychecks. Their alternatives are not very pleasant when they have a week to go before payday and have NO MONEY to live on. This bill provides the best alternative.

*Financial Institutions &  
Insurance*

*Feb. 11, 1993*

*Attachment 3*

# SCENARIO FOR CHARGES ON RETURNED CHECKS

\$ OF CHECK	AVERAGE BANK CHG	AVERAGE RETAIL CHG	AVERAGE COLL CHG	TOTAL	COURT EXPENSES	CIVIL PENALTY	TOTAL
\$25	\$20	\$15	\$20	\$80	\$25	\$100	\$205
\$50	\$20	\$15	\$20	\$105	\$25	\$150	\$280
\$75	\$20	\$15	\$20	\$130	\$25	\$225	\$380
\$100	\$20	\$15	\$20	\$155	\$25	\$300	\$480

## PAYDAY LOAN COSTS

CASH RECEIVED	LOAN CHARGE	TOTAL
\$25	\$7.50	\$32.50
\$50	\$10.00	\$60.00
\$75	\$12.50	\$87.50
\$100	\$15.00	\$115.00

**60-2610. Civil liability for worthless check.** (a) If a person gives a worthless check, as defined by subsection (g), the person shall be liable to the holder of the check for the amount of the check, the incurred court costs and the service charge and the costs of collection, including but not limited to reasonable attorney fees, plus an amount equal to the greater of the following:

- (1) Damages equal to three times the amount of the check but not exceeding the amount of the check by more than \$500; or
- (2) \$100.

The court may waive attorney fees provided for by this subsection, if the court finds that the damages and other amounts awarded are sufficient to adequately compensate the holder of the check.

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# SMALL LOAN PROGRAM

AMOUNT	FIN CHG	ADM FEE	TOT CHG	TOTAL LOAN	APR
\$25.00	\$2.50	\$5.00	\$7.50	\$32.50	360.00%
\$50.00	\$5.00	\$5.00	\$10.00	\$60.00	240.00%
\$75.00	\$7.50	\$5.00	\$12.50	\$87.50	200.00%
\$100.00	\$10.00	\$5.00	\$15.00	\$115.00	180.00%
\$125.00	\$10.00	\$5.00	\$15.00	\$140.00	144.00%
\$150.00	\$10.50	\$5.00	\$15.50	\$165.50	124.00%
\$175.00	\$12.25	\$5.00	\$17.25	\$192.25	118.29%
\$200.00	\$14.00	\$5.00	\$19.00	\$219.00	114.00%
\$225.00	\$15.75	\$5.00	\$20.75	\$245.75	110.67%
\$250.00	\$17.50	\$5.00	\$22.50	\$272.50	108.00%
\$275.00	\$17.50	\$5.00	\$22.50	\$297.50	98.18%
\$300.00	\$18.00	\$5.00	\$23.00	\$323.00	92.00%
\$325.00	\$19.50	\$5.00	\$24.50	\$349.50	90.46%
\$350.00	\$21.00	\$5.00	\$26.00	\$376.00	89.14%
\$375.00	\$22.50	\$5.00	\$27.50	\$402.50	88.00%
\$400.00	\$24.00	\$5.00	\$29.00	\$429.00	87.00%
\$425.00	\$25.50	\$5.00	\$30.50	\$455.50	86.12%
\$450.00	\$27.00	\$5.00	\$32.00	\$482.00	85.33%
\$475.00	\$28.50	\$5.00	\$33.50	\$508.50	84.63%
\$500.00	\$30.00	\$5.00	\$35.00	\$535.00	84.00%
\$525.00	\$31.50	\$5.00	\$36.50	\$561.50	83.43%
\$550.00	\$33.00	\$5.00	\$38.00	\$588.00	82.91%
\$575.00	\$34.50	\$5.00	\$39.50	\$614.50	82.43%
\$600.00	\$36.00	\$5.00	\$41.00	\$641.00	82.00%
\$625.00	\$37.50	\$5.00	\$42.50	\$667.50	81.60%
\$650.00	\$39.00	\$5.00	\$44.00	\$694.00	81.23%
\$675.00	\$40.50	\$5.00	\$45.50	\$720.50	80.89%
\$700.00	\$42.00	\$5.00	\$47.00	\$747.00	80.57%
\$725.00	\$43.50	\$5.00	\$48.50	\$773.50	80.28%
\$750.00	\$45.00	\$5.00	\$50.00	\$800.00	80.00%
\$775.00	\$46.50	\$5.00	\$51.50	\$826.50	79.74%
\$780.00	\$46.80	\$5.00	\$51.80	\$831.80	79.69%

ADMINISTRATIVE FEE: \$5.00 PER LOAN REGARDLESS OF SIZE

0 TO \$100 - 10% OF LOAN PROCEEDS  
 \$101 TO \$250 - 7% OF LOAN PROCEEDS WITH \$10.00 MIN  
 \$251 TO MAXIMUM - 6% OF LOAN PROCEEDS WITH \$17.50 MIN

MAXIMUM EQUALS SAME AS MAXIMUM YOU CAN CHARGE 36%

IF LOAN HAS TO BE EXTENDED OR RENEWED, 3% PER MONTH





# KANSAS

## Office of CONSUMER CREDIT COMMISSIONER

Joan Finney  
Governor

Wm. F. Caton  
Commissioner

February 11, 1993

TESTIMONY FOR HOUSE BILL 2198

by: Bill Caton, Commissioner

HB 2198 is an amendment to the Kansas Uniform Consumer Credit Code. This amendment will change the formula that is used to calculate the amount of principal that the maximum allowable interest rate may be charged on. The original strategy of this section of the code was to control finance charges by limiting the amount a set interest rate can be charged on rather than changing interest rates. This formula was designed to allow for inflationary adjustments every other year if the Consumer Price Index (CPI) had a 10% change.

The formula used 1974 as a benchmark to use when calculating the change in CPI. Below is a chart showing the history of the changes in these amounts and the date of change. With the double digit inflation of the late 1970s and early 1980s, CPI has skyrocketed. This has caused smaller increases in CPI to trigger a 10% increase in the dollar amount. The recent 10% increase was triggered by only a 3% in CPI.

This requested amendment will change the benchmark date from 1974 to the date the last change was made. This will effectively correct this problem. Please consider approving this request as it will make an adjustment that is equitable to the consumer.

### History of Maximum UCCC loan rates

(Alternate 18%)	36%	21%	14.45%
	on first	on next	over
Jan. 1, 1975	\$300	\$1000	\$1300
July 1, 1978	360	1200	1560
July 1, 1980	420	1400	1820
July 1, 1982	540	1800	2340
July 1, 1984	570	1900	2470
July 1, 1986	600	2000	2600
July 1, 1988	630	2100	2730
July 1990	690	2300	2990
July 1992	780	2600	3380

*Financial Institutions  
Insurance  
Attachment 4*

*February 11, 1993*



# KANSAS

Office of CONSUMER CREDIT COMMISSIONER

Joan Finney  
Governor

Wm. F. Caton  
Commissioner

February 11, 1993

TESTIMONY ON HOUSE BILL 2199

by: Bill Caton, Commissioner

HB 2199 amends the definition of "credit card" Kansas Uniform Consumer Credit Code. This amendment is necessitated by recent requests for clarification. The Attorney General's Office has indicated that the word "arrangement" in the existing definition is not consistent with federal Truth in Lending Regulation Z and should be amended accordingly.

Several creditors have used this definition to charge annual participation fees, cash advance fees, over the limit fees, and transaction fees on open end lines of credit. These fees were designed for credit card lines and a prepaid finance charge was designed for other types of credit lines. This amendment will clarify the definition and dispel any confusion. Please consider this amendment favorably.

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Insurance  
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Attachment 5*