

Approved: Feb. 7, 1994
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 2, 1994 in Room 527-S of the Capitol.

All members were present except: Representative Darlene Cornfield, Excused

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

Conferees appearing before the committee: Jennifer Wentz, Secretary of States Office
James Maag, Kansas Bankers Association

Others attending: See attached list

Chairman Bryant explained a proposed bill draft which would allow locally licensed drivers to attend driver improvement classes and remove one misdemeanor traffic infraction from their driving records (Attachment 1). Kansas has adopted this type of public policy as it relates to insurance costs by passing in 1992 a bill which entitles Kansas drivers to an insurance reduction for attending an accident prevention program.

Representative Dawson moved to introduce this bill draft into legislation. Motion seconded by Representative Kline. Motion carried.

HEARING ON HB 2693: UCC, filing requirements for secured transactions

Jennifer Wentz, Office of the Secretary of State, explained the bill as follows: Section one extends the filing period for federal tax liens from six to ten years as required by the Revenue Reconciliation Act of 1990. Section two requires sole proprietorships to list the social security number of the debtor on financing statements registered with the Secretary of State. Debtor names changes would be recorded by filing an amendment to the financing statement. Electronic filing procedures for financing statements would be an option through the Information Network of Kansas (Attachment 2).

Jim Maag, Kansas Bankers Association, stated that the most technical amendment in the bill is found in Section 2 of the bill where it is clarified that when the debtor on a financing statement is a sole proprietorship, the financing statement shall contain only the Social Security Number of the debtor, not the Tax identification number of the business (Attachment 3). This is to assure that there will not be two numbers in the computer files on the same person/sole proprietorship.

Representative Correll moves to pass HB 2693 out favorably. Motion was seconded by Representative Gilbert. Motion carried.

ACTION ON HB 2692: Licensing requirements for insurance agents and brokers

Dr. Wolff presented an overview of the proposed legislation which would make the law the same for non-resident brokers as resident brokers.

Representative Allen moved to pass the bill out favorably and the motion was seconded by Representative Cox. Motion carried.

The meeting adjourned at 4:25 p.m. The next meeting is scheduled for Monday, February 7, 1994.

GUEST LIST

COMMITTEE: House I & D

DATE: 2-2-94

[illegible]

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Tuesday, February 1, 1994

Rep. Bill Bryant
Kansas House of Representatives
State Capitol Building
Topeka, KS 66612

RE: Kansas Driver Improvement Act

Dear Bill:


Thanks for your time and interest. Here's a brief explanation of the concept of the legislation. Keep in mind that Bill Wolff should have a good idea of its intent.

Several states have programs in place allowing locally licensed drivers to attend driver improvement classes and remove one misdemeanor traffic infraction from their driving records. The intent of these programs is to promote driving safety and awareness and to control costs of automobile liability insurance in their states. Kansas, to a degree, has already adopted this type of public policy as it relates to insurance costs by passing in 1992 a bill which entitles Kansas drivers to an insurance reduction for attending an accident prevention program. This is now KSA 40-1112a.

From all information I can gather to this point in time, this program is working well. In Texas, for example, the state is annually collecting over \$1,000,000 at \$1.00 per driver through its program to cover the costs of the state in accrediting class programs and providing on-going administrative support. I can find no information which would tend to indicate that driving safety is being compromised in any way.


I have taken the liberty to prepare a proposed bill draft for your Committee to consider or to be used by the Revisor's Office. I would appreciate the Committee's consideration of its introduction as a Committee Bill and hearings being scheduled.

Very truly yours,


Dale M. Sprague
Attorney at Law

DMS/lm

Encl.


Attachment 1
Feb. 2, 1994

KANSAS DRIVER IMPROVEMENT ACT

Sec. 1: Definitions:

(a) "Driver Improvement Course" shall mean a curriculum of study approved by the State Department of Education and the Department of Insurance.

(b) "Misdemeanor traffic offense" shall mean any traffic offense under the laws of the State of Kansas or any municipality thereof which is punishable as a misdemeanor except as otherwise stated hereunder.

(c) "Person" shall mean any person who is a licensed Kansas driver whose license is not suspended or revoked.

(d) "Uniform certificate of completion" shall mean a certificate prepared by the State Department of Education and provided to operators of Driver Improvement Courses accredited under this Act.

Sec. 2: A person charged with a misdemeanor traffic offense while operating a motor vehicle in the State of Kansas shall have the right to attend a driver improvement course accredited by the State of Kansas. The court having jurisdiction of the alleged misdemeanor traffic offense shall advise such person of such right.

Sec. 3: Such person prior to or at the time of his or her first appearance date for the alleged misdemeanor traffic offense may request attendance at a Driver Improvement Course. A written request to take a Driver Improvement Course is timely if sent by certified mail, return receipt requested, and postmarked on or before the first appearance date on the traffic offense citation.

The court may, in its discretion, upon written motion submitted to the court at any time prior to final adjudication of the case, grant a request to take a Driver Improvement Course.

Sec. 4: Upon receipt of a timely request to attend a Driver Improvement Course, the court shall defer proceedings and allow the person 90 days to present to the court a uniform certificate of course completion as written evidence that, subsequent to the alleged misdemeanor traffic offense, the person has successfully completed a Driver Improvement Course, if:

(a) the person enters a plea in person or in writing of No Contest or Guilty to the alleged misdemeanor traffic offense;

(b) the court enters judgment on the person's plea of No Contest or Guilty and the person pays the fines and costs of such judgment;

(c) the person's driving record does not indicate successful completion of a Driver Improvement Course within the one year immediately preceding the date of the alleged misdemeanor traffic offense;

(d) the offense charged is a misdemeanor traffic offense other than speeding 25 miles per hour or more over the posted speed limit at the place where the alleged offense occurred; and

(e) the person provides proof of financial responsibility as required by Kansas law.

Sec. 5: When the person complies with the provision of Sections 3 and 4 of this Act and a uniform certificate of course completion is received and accepted by the court, the court shall

expunge the judgment and dismiss the case with prejudice, but the court may only expunge one charge for completion of a course. The court shall retain all fines and fees related to the case, and such fines and fees shall not be returned or refunded to the person.

When a charge is expunged under this Act, the charge may not be part of the person's driving record or used for any purpose, but the court shall report the fact that a person has successfully completed a Driver Improvement Course and the date of completion to the Department of Revenue, Driver Control Bureau, for inclusion in the person's driving records.

An insurer delivering or issuing for delivery a motor vehicle insurance policy in this state may not cancel or increase the premium charged the insured under the policy merely because of an offense expunged under this Act or because the insured completed a Driver Improvement Course.

Sec. 6: The court may require the person requesting a Driver Improvement Course to pay a fee set by the court at an amount that does not exceed \$10.00 including any special fees authorized by statute or municipal ordinance to cover the cost of administering this Act. A person failing to complete successfully a Driver Improvement Course shall not be entitled to a refund of the fee required under this section.

Sec. 7: The State Board of Education shall enter into a memorandum of understanding with the Department of Insurance for the interagency development of a curriculum for Driver Improvement Courses and accreditation of operators of Driver Improvement

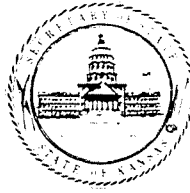
Courses. Such curriculum shall provide that instructors of Drive Improvement Courses be teachers of drivers education accredited under K.A.R. 91, Article 5, and shall provide for four hours of instruction. The State Board of Education shall administer this Act and shall have the power to promulgate rules and regulations to implement its provisions.

Sec. 8: The State Board of Education shall print and supply serially numbered uniform certificates of completion to operators of Driver Improvement Courses accredited under this Act and may charge a fee of \$1.00 for each certificate.

Sec. 9: Successful completion of a Driver Improvement Course shall satisfy the requirements for a discount for motor vehicle insurance under K.S.A. 40-1112a if such course is attended by a person not for the purposes of expunging a misdemeanor traffic offense under this Act.

Sec. 10: This Act shall be effective from and after official publication.

Bill Graves
Secretary of State



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STATE OF KANSAS

Hearing on HB 2693
House Financial Institutions and Insurance Committee
February 2, 1994

Mr. Chairman and Members of the Committee: Thank you for the opportunity to appear before you to testify on House Bill 2693. This bill relates to the Uniform Commercial Code.

Three components of the bill are technical and of a clean-up nature. In section one of the bill, the filing period for federal tax liens is extended from six to ten years, as required by the Revenue Reconciliation Act of 1990. In section two of the bill, sole proprietorships are required to list the social security number of the debtor on financing statements, and debtor name changes are recorded by filing an amendment to a financing statement.

One component of the bill is new, and authorizes the secretary of state's office to implement electronic filing procedures for financing statements through the adoption of administrative rules and regulations. Electronic filing will be permissive, not mandatory. The secretary of state's office will work with the Information Network of Kansas to establish the necessary computer programming to permit an authorized user to file financing statements electronically. The secretary of state's office has received calls from the Kansas Bankers Association, Farm Credit Services of Wichita, and John Deere dealers expressing interest in using electronic filing.

Thank you. Carol Beard, Deputy of the Uniform Commercial Division, and I would be happy to answer any questions you may have.

Jennifer Chaulk Wentz, Legal Counsel
Deputy Assistant Secretary of State

House F.I.S.
Attachment 2
2-2-94



The KANSAS BANKERS ASSOCIATION
A Full Service Banking Association

February 2, 1994

TO: House Committee on Financial Institutions and Insurance
RE: HB 2693 - Amendments to the Uniform Commercial Code

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to appear in support of HB 2693. This bill makes several technical amendments to the Uniform Commercial Code (UCC) and would give the Secretary of State authority to implement electronic filing of financing statements (UCC-1).

The most important technical amendment in the bill is found in Section 2 of the bill where it is clarified that when the debtor on a financing statement is a sole proprietorship, the financing statement shall contain only the Social Security Number (SSN) of the debtor, not the Tax Identification Number (TIN) of the business. This is to assure that there will not be two numbers in the computer files on the same person/sole proprietorship.

The key policy amendment contained in the bill is the authority for the Secretary of State to adopt rules and regulations to implement the electronic filing of financing statements. This will create a faster and more efficient way for creditors to perfect their security interest in collateral.

Your positive consideration of HB 2693 would be greatly appreciated.

James S. Maag
Senior Vice President

James S. Maag
Attachment 3
Feb. 2, 1994

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