

SESSION OF 2010

SUPPLEMENTAL NOTE ON SENATE BILL NO. 410

As Amended by House Committee on
General Government Budget

Brief*

SB 410 would amend KSA 2009 Supp. 75-30,100 to permit the acceptance of debit cards by state agencies. The bill would require a business hosting a website through which a state agency receives payments to notify the agency and card holder in writing within 14 days when a payment from a debit card has been refused. The notice would provide the state agency with the name, address, purpose and amount of the payment; the date the payment was refused; and the reason for the refusal. If a business fails to comply with the provisions of the bill, the agency would be entitled to receive a \$100 civil penalty. The holder of the refused debit card payment would be required to make the payment to the agency within 30 days after the notice is received. If the person fails to make the payment within 30 days, the agency would be entitled to a \$100 civil penalty.

Background

Robert Waller, Executive Director of the Emergency Medical Services Board (KBEMS), testified regarding the timeliness of notification to KBEMS that a debit card transaction was rejected for insufficient funds. Mr. Waller stated that Kansas.gov originally credits to agencies the amount of money received in a debit card transaction and only notifies an agency that a debit was insufficient 45 to 90 days later. KBEMS expressed concern regarding the number of individuals affected by the insufficient fund transaction, the manner in which those

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

individuals are tracked, the amount of agency time required to track individual payments, and whether an agency has a duty to suspend a card issued while the account is out for collection.

John Peterson, appearing on the behalf of Visa, Inc., testified in support of SB 410. Mr. Peterson further offered an amendment to KSA 16a-2-403 which would add a provision to the Consumer Protection Act which would bar any seller or lessor from imposing a surcharge on a purchaser in a sales or lease transaction when they used a debit card. The statute already bars such surcharges in the case of a credit card.

Candace Shively, Deputy Secretary for Integrated Service Delivery at Social and Rehabilitative Services (SRS), testified that the Kansas Payment Center (KPC) should be exempted from the requirements of SB 410. The Kansas Payment Center records and disburses all child support payments in Kansas. Shively stated that the Kansas Payment Center will begin accepting debit card payments in the Summer of 2010 and the administrative duties and penalty risks the bill would place on the vendor who provides services for the KPC will increase the costs paid by SRS for KPC services. Shively further stated all child support payments are legally enforceable debts and that SRS does not require a bill in order to insure payment of child support fees and could delay collection of overdue child support payments by up to 30 days.

The Senate Committee on Ways and Means amended the bill by adding debit cards to the provisions of the Consumer Protection Act in KSA 16a-2-403 barring retailers from imposing a surcharge on debit card transactions. The Committee also modified the definition of agency in Section 1 (e) of the bill to exempt the Kansas Payment Center from the provisions of SB 410. The KPC will begin accepting debit cards according to independent contractual provisions negotiated between SRS and the vendor for the KPC.

The House General Government Budget Committee amended the bill by deleting Section 1 of the Senate Committee of the Whole version. Section 1 imposed notice requirements

on any business entity who receives credit or debit card payments on the behalf of a state agency to provide written notice to that agency within 14 days in the event the transaction is refused for any reason. The remaining provisions of the bill regard solely the surcharge provisions added by the Senate Committee on Ways and Means.

The fiscal note prepared by the Division of Budget states that the bill could increase revenues for state agencies if civil penalties are collected. The bill could also increase staff time needed to collect a civil penalty from both the business and card holder. However, there is no data on which to make an accurate estimate of additional revenue or additional administrative costs.