

SESSION OF 2010

SUPPLEMENTAL NOTE ON SENATE BILL NO. 508

As Amended by Senate Committee on
Public Health and Welfare

Brief*

SB 508 would amend current law by creating distinct requirements for suppliers who sell healthcare discount cards and suppliers who market, promote, advertise or otherwise distribute the discount cards.

The bill would amend the filing requirements for sellers of healthcare discount cards by requiring them to:

- File an annual notice with the Secretary of State of the intention to sell the discount card to be signed under penalty of perjury;
- Submit the surety bond currently required by statute with the annual notice to the Secretary of State;
- Obtain approval of the surety bond by the Attorney General prior to filing the annual notice with the Secretary of State; and
- File a copy of the bond and proof of annual renewal with the Secretary of State with the annual notice.

The bill would require that a surety on a discount card company bond give written notice to the discount card company of its intent to cancel the bond prior to cancellation, and not give notice just to the Secretary of State as in current law. If a discount card company does not file another \$50,000 surety bond with the state on or before the cancellation date of the

*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>

existing surety bond, the company would no longer be authorized to do business in the state as a discount card company.

In addition to designating a resident agent, each supplier would designate a registered office in Kansas for service of process. A supplier who sells the discount cards would provide the information in the annual filing with the Secretary of State signed under penalty of perjury. A supplier who markets, promotes, advertises, or otherwise distributes any discount card would designate a resident agent who is a resident of Kansas for service of process, and the resident agent would be required to register with the Secretary of State pursuant to K.S.A. 60-306, and amendments. Whenever the resident agent's name or registered office's address is no longer accurate, the appointment would be required to be amended in writing and filed with the Secretary of State. A filing fee of no more than \$75 would be required with each filing to cover the cost of filing and administration. The filing fees received would be deposited in the State Treasury to the credit of the Information Services Fee Fund. For all suppliers, the month in which a supplier files its first annual notice with the Secretary of State would be the month in which its subsequent annual filings would be due.

Background

The bill was introduced by the Senate Public Health and Welfare Committee at the request of the Office of the Secretary of State. A representative of the Office of the Secretary of State spoke in support of the bill, stating that it would clarify the filing process for healthcare card suppliers. The bill also would update the name of the fee fund.

There were no opponents of the bill.

At the request of the proponent, the Committee amended the bill to clarify the difference in the required filings for a supplier who "sells" and a supplier who "markets, promotes, advertises, or otherwise distributes" a healthcare card.

The fiscal note prepared by the Division of the Budget states that the Secretary of State indicated the costs and revenue associated with the bill would be negligible and any costs could be absorbed within existing resources.