

SESSION OF 2026

SUPPLEMENTAL NOTE ON SENATE BILL NO. 375

As Recommended by Senate Committee on
Judiciary

Brief*

SB 375 would enact the Proxy Advisor Transparency Act (Act) requiring proxy advisors to make certain disclosures when recommending an action against company management, authorizing the Attorney General to investigate and take enforcement actions against violators, and establishing a private right of action for a declaratory judgment or injunctive relief.

Legislative Findings

The bill would state several findings of the Kansas Legislature related to proxy advisors.

Definitions

The bill would define several terms used throughout the Act, including:

- “Company proposal” would mean any proposal made by a company to its shareholders that is included in the company’s proxy statement, including, but not limited to, director nominations or elections, or any proposal relating to director nominations or elections, executive compensation, corporate transactions, corporate structure, auditor selection, or company policy on any subject;

*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 <https://klrd.gov/>

- “Proxy advisory” would mean a person who, for compensation, provides a proxy advisory service to shareholders of a company or to other persons with authority to vote on behalf of the shareholders of a company;
- “Proxy advisory service” would mean any of the following services that are provided in connection with or in relation to a company, or are provided to any person in this state:
 - Advice or a recommendation on how to vote on a company proposal or proxy proposal;
 - Proxy statement research and analysis regarding a company approval or proxy proposal; or
 - Development of proxy voting recommendations or policies, including establishing default recommendations or policies;
- “Proxy proposal” would mean any proposal made by a shareholder of a company that is included in the company’s proxy statement or has been submitted for inclusion in the company’s proxy statement, including, but not limited to, a proposal relating to any of the subjects that could be covered by a company proposal; and
- “Written financial analysis” would mean a written document that:
 - Analyzes the expected short-term and long-term financial benefits and costs to the company regarding the implementation of a company proposal or proxy proposal;
 - Concludes what vote or course of action is most likely to positively affect shareholder value; and

- Explains the methods and processes used to prepare the analysis, including the experience and geographic location of the personnel who formed the recommendation.

Disclosures

The bill would require disclosures to be made to each person receiving proxy advisory service in the event that a proxy advisor makes a recommendation against company management on a company or proxy proposal. What would be included in such disclosure would depend on whether the proxy advisor makes such recommendation based on a written financial analysis. The bill would describe what is to be included in each type of disclosure.

Violations; Enforcement

The bill would specify a violation of the Act would be a deceptive and unconscionable act or practice under the Kansas Consumer Protection Act (KCPA), subject to any and all enforcement provisions in the KCPA.

The bill would authorize the Attorney General to investigate under the KCPA if the Attorney General has reason to believe that a violation of the Act has occurred, is occurring, or is about to occur.

In addition to enforcement under the KCPA, the bill would authorize any person aggrieved by a violation of the Act to bring an action seeking a declaratory judgment or injunctive relief against a proxy advisor who violates the Act. Such plaintiff would be required to notify the Attorney General of the private action within seven calendar days. The Attorney General would have a right to intervene in such action. The bill would specify an aggrieved person includes:

- A recipient of proxy advisory services provided by the proxy advisor;

- A company that is the subject of a proxy advisory service provided by the proxy advisor, or
- Any shareholder of a company described above.

Severability

The bill's provisions would be severable. If any provision of the bill, or its application to any person or circumstance, is found to be unconstitutional or invalid, the rest of the Act would continue to stand and would be enforceable so long as it could be enforced without the unconstitutional or invalid provisions.

Background

The bill was introduced by the Senate Committee on Judiciary at the request of Senator Warren.

Senate Committee on Judiciary

In the Senate Committee hearing, a representative of Consumers Defense provided **proponent** testimony on the bill. The proponent stated the disclosures required by the bill would help investors to better evaluate whether following the proxy advisor's recommendation will increase the value of their investment and meet their fiduciary duties.

Opponent testimony was provided by representatives of Green America and United Church Funds. The opponents generally stated concerns regarding the scope, potential unintended consequences, and constitutionality of the bill.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, the Office of the Attorney General

anticipates that consumer complaints under the provisions of the bill would be infrequent. Any additional complaints would be conducted with the existing investigative and enforcement resources of the Office.

The Office of Judicial Administration (OJA) states that enactment of the bill could increase the number of cases filed in district court because it allows the Attorney General to file civil actions under the KCPA and allows an individual to file a civil cause of action. The increase in filings would increase the time spent by district court judicial and nonjudicial personnel in processing, researching, and hearing cases. The bill could also increase the collection of docket fees that would be deposited into the State General Fund. However, OJA cannot estimate a precise fiscal effect.

The Department of Insurance states enactment of the bill would not have a fiscal effect.

Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2027 Governor's Budget Report*.

Consumer protection; Proxy Advisor Transparency Act; Attorney General