

January 26, 2024

The Honorable Nick Hoheisel, Chairperson
House Committee on Financial Institutions and Pensions
300 SW 10th Avenue, Room 582-N
Topeka, Kansas 66612

Dear Representative Hoheisel:

SUBJECT: Fiscal Note for HB 2562 by House Committee on Financial Institutions and Pensions

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2562 is respectfully submitted to your committee.

HB 2562 would establish the Protect Vulnerable Adults from Financial Exploitation Act. The bill would require certain security registrants to report suspected financial exploitation of a vulnerable adult, or eligible adult as defined in the bill, to the Securities Commissioner and the Kansas Department for Children and Families. Those security registrants could also disclose the information to a person reasonably associated with the eligible adult. When the security registrant reports or discloses the information made in good faith and with reasonable care, they would be immune from administrative and civil liability.

In instances of suspected financial exploitation, the bill would also permit certain registrants to delay a disbursement from an eligible adult's account for time frames detailed in the bill that could include a court decision. Records pertaining to the suspected or attempted financial exploitation would be provided to the Securities Commissioner, the Kansas Department for Children and Families, and to law enforcement agencies. The records provided to the Securities Commissioner, the Kansas Department for Children and Families, or other agencies would not be considered public record under the Open Records Act. However, the Commissioner and the Department could respond to reasonable inquiries from persons reasonably associated with the eligible adult about the general or final disposition of an investigation. The confidentiality of public records would expire on July 1, 2029, unless extended by the Legislature. The bill would also give immunity from administrative and civil liability to registrants who delay disbursements and are acting in good faith and exercising reasonable care. The bill would not limit or impede the authority of the Commissioner to access or examine the books or records of security registrants detailed in the bill. Under the bill, grounds for discipline would include a person who is required to report information under the Act and knowingly failed to make the report or knowingly caused the report not to be made within the previous ten years.

The Kansas Insurance Department states that even though the bill would increase reports of financial exploitation of elder and dependent adults, the agency has sufficient resources to be able to receive and investigate the reports. Therefore, the bill would not have a fiscal effect on the agency.

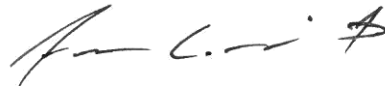
The Department for Children and Families states that the bill would not have a fiscal effect. The agency does state that financial exploitation could result in premature applications for Medicaid. The Department currently works with the Department of Health and Environment Medicaid eligibility staff when vulnerable adults have been a victim of financial exploitation, which occurs in approximately 125 cases per year. This is current practice, and therefore no additional expenditures are anticipated.

The Office of Judicial Administration states that the bill could increase the number of cases filed in district courts because it authorizes certain civil or administrative court actions. The bill would allow for judicial review and administrative action for the failure to report violations, which would increase the time spent by district court judicial and nonjudicial personnel in processing, researching, and hearing cases. The bill could also result in the collection of docket fees that would be deposited into the State General Fund. However, the agency cannot estimate the overall fiscal effect of the bill.

The Office of the Attorney General states that the bill would not have a fiscal effect on the agency. Any fiscal effect associated with HB 2562 is not reflected in *The FY 2025 Governor's Budget Report*.

The Kansas Association of Counties indicates that the bill would not have a fiscal effect on counties unless current resources are not adequate to handle additional prosecution and court needs. The League of Kansas Municipalities states that the bill would not have a fiscal effect on cities.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Bobbi Mariani, Insurance Department
William Hendrix, Office of the Attorney General
Leigh Keck, Department for Aging & Disability Services
Trisha Morrow, Judiciary
Wendi Stark, League of Kansas Municipalities
Jay Hall, Kansas Association of Counties