

April 25, 2014

The Honorable Julia Lynn, Chairperson
Senate Committee on Commerce
Statehouse, Room 445-S
Topeka, Kansas 66612

Dear Senator Lynn:

SUBJECT: Fiscal Note for SB 442 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 442 is respectfully submitted to your committee.

SB 442 would create the Kansas Employee Credit Consideration Act. The bill would prohibit employers, including any of its agents, representatives or designees, from requiring any employee or prospective employee to consent to a request for a credit report that contains information about their credit score, credit account balances, payment history, savings or checking account balances or savings or checking account numbers as a condition of employment unless:

1. The employer is a financial institution;
2. The credit report is required by law;
3. The employer reasonably believes that the employee has engaged in specific activity that constitutes a violation of the law related to the employee's employment;
4. The credit report is substantially related to the employee's current or potential job; or
5. The employer has a bona fide purpose for requesting or using information in the credit report that is substantially job-related and is disclosed in writing to the employee or prospective employee.

An employee or prospective employee may file a complaint with the Department of Labor for any alleged violation; and no person could discharge or in any manner discriminate against the individual for filing a complaint with, or furnishing information to, the Secretary of Labor concerning the violation. After conducting the required hearings and investigation, the Secretary of Labor determines that a violation of this Act has occurred, the Secretary may order any one or more of the following:

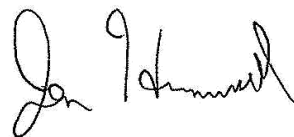
1. A civil penalty up to \$1,000 for each act or violation, unless the person knew or reasonably should have known such person was in violation of this act or any rule and regulation or order thereunder, in which case the penalty could be up to \$2,000 for each act or violation; or
2. Order the person to cease and desist from such prohibited act or practice and take affirmative action, as determined by the Secretary, to remedy any harm caused as a result of any violation.

A complaint must not constitute a bar to enforcement of the provisions of this Act or an action addressing the harm caused an employee or prospective employee by any other appropriate remedy, and upon request of the Secretary of Labor or the complainant. The Attorney General would have the power to institute and maintain any and all appropriate enforcement procedures. The Secretary of Labor would be required to adopt rules and regulations necessary to carry out the provisions of the Act.

Estimated State Fiscal Effect				
	FY 2014 SGF	FY 2014 All Funds	FY 2015 SGF	FY 2015 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$230,000	\$230,000
FTE Pos.	--	--	--	3.00

The Department of Labor estimates that the provisions of SB 442 would increase its costs by \$230,000 from the State General Fund in FY 2015 for 3.00 FTE positions to field investigations, conciliation and mediation services related to complaints filed for discrimination based on an employee or potential employee's credit score. The Department anticipates that penalties assessed under the provisions of the bill would not cover these costs. The bill also does not specify to which fund any revenues collected from penalties would be deposited. Any fiscal effect associated with SB 442 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,



Jon Hummell,
Interim Director of the Budget

cc: Dawn Palmberg, Labor
Judi Stork, Banking Department