

SESSION OF 2005

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 57**

As Recommended by Senate Committee on  
Financial Institutions and Insurance

**Brief\***

SB 57 concerns the Kansas Consumer Protection Act and relates to the occasional sales of certain repossessed collateral. The bill provides that any bank, trust company, or lending institution which is subject to state or federal regulation regarding the disposition of repossessed collateral by such institution be excluded from the definition of "Supplier." Under current law, the term "Supplier" includes the manufacturer, distributor, dealer, seller, lessor, assignor, or others who engage in or enforce consumer transactions, whether or not the entity deals directly with the consumer.

**Background**

The bill was requested by the Kansas Bankers Association whose representative explained that the primary business of banks is lending money and any sale of repossessed property should be considered incidental. A bank chairman expressed concern about the lack of a "bright line" separating regular sales by suppliers and the incidental sale of repossessed property by lenders can lead to costly litigation.

The bill also is supported by the Community Bankers Association of Kansas, the Heartland Community Bankers Association, and the Kansas Credit Union Association.

The fiscal note prepared by the Division of the Budget indicates that passage of the bill would have no fiscal effect.

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\*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>