

SESSION OF 2005

**SUPPLEMENTAL NOTE ON
SUBSTITUTE FOR HOUSE BILL NO. 2276**

As Amended by Senate Committee of the Whole

Brief*

Sub. for HB 2276 would enact new law providing that persons complying with the provisions of KSA 9-508 through 9-513, and amendments thereto, may charge a different price for a transmission of money. The bill would provide that the charge for the transmission be based on the mode of transmission used in the transaction and that the price charged for the service be identical for all forms of payment accepted for the same mode of transmission. The provision for the mode of transmission would be effective on and after July 1, 2005.

The bill also would provide that banks be allowed to act as trustees of both Medical Savings Accounts (MSAs) and Health Savings Accounts (HSAs) without a special permit, if investments are limited in time, savings, or demand deposits in the bank. Under current law, banks are permitted to act as trustees, without a special permit, for Individual Retirement Accounts (IRAs) and 401(k) trusts. The provision in the bill relating to trust authority would be effective upon publication in the *Kansas Register*.

Background

The bill was requested by the First Data Corporation, owner of Western Union, whose representative explained that the bill would clarify that the credit card surcharge statute in the Kansas Uniform Consumer Credit Code was not meant to apply to the different methods that consumers use to send money through a money transmitter, as long as the price charged is consistent within each method of delivery.

*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>

The introduced version of the bill was opposed by the Office of the State Bank Commissioner whose representative cited a concern about language in the bill that would exempt the transactions from KSA 16a-2-403, a statute which prohibits charging more for a particular method of payment.

The House Committee on Financial Institutions recommended the introduction of a substitute bill to provide for payment charges based on the mode of transmission.

The Senate Committee of the Whole amendment inserted the provisions of 2005 House Bill 2098, a bill that provides that banks be allowed to act as trustees of both Medical Savings Accounts and Health Savings Accounts without a special permit, if investments are limited in time or savings deposits in the bank. The provisions of HB 2098 are further amended by the Senate Committee of the Whole to include demand deposits in the provision of investment limitations. KSA 9-1601, as amended by section 1 of HB 2098, was repealed by the action of the Senate Committee of the Whole.

The fiscal note on the introduced version of the bill prepared by the Division of the Budget indicates that passage of the bill would not have an effect on state revenues or expenditures.