

SESSION OF 2021

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2231**

As Recommended by House Committee on  
Commerce, Labor and Economic Development

**Brief\***

HB 2231 would exclude from the crime of conducting a pyramid promotional scheme plans and operations in which participants give consideration in return for the right to receive compensation based upon purchases, provided that the plan or operation does not cause “inventory loading.”

The bill would define “inventory loading” to mean the requirement or encouragement by a plan or operation to have an independent salesperson purchase inventory in an amount that exceeds the amount the salesperson can expect to resell or to use or consume in a reasonable time period. The bill would provide other definitions.

**Background**

The bill was introduced by the House Committee on Commerce, Labor and Economic Development at the request of the Kansas Chamber of Commerce.

***House Committee on Commerce, Labor and Economic Development.***

In the House Committee hearing, representatives of Amway and the Direct Sellers Association testified as **proponents**, stating the bill would more effectively define illegal pyramid schemes than current law.

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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>

No other testimony was provided.

***Fiscal Information***

According to the fiscal note prepared by the Division of the Budget on the bill, the Office of the Attorney General anticipates the bill would have no fiscal effect on its operations and the Office of Judicial Administration indicates the bill would have a negligible fiscal effect on the Judicial Branch. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2022 Governor's Budget Report*.

Crimes; Pyramid Promotional Schemes