

March 13, 2024

The Honorable Mike Thompson, Chairperson  
Senate Committee on Federal and State Affairs  
300 SW 10th Avenue, Room 144-S  
Topeka, Kansas 66612

Dear Senator Thompson:

**SUBJECT:** Fiscal Note for SB 533 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 533 is respectfully submitted to your committee.

SB 533 would prohibit a consumer reporting agency from making or furnishing a consumer report that contains adverse residential or tenant history unless the agency has contacted the consumer, advised them of the history, and offered the consumer an opportunity to provide an explanation. The consumer reporting agency would be required to attempt to contact the consumer through first-class mail addressed to the most current address on record, telephone to the most recent phone number on record, and email to the most recent email address on record. The bill would require any explanation provided by the consumer to be included in the consumer report. In addition, the bill would require the consumer report to include a record of attempts to contact the consumer and would prohibit the consumer report from being furnished until a consumer has provided an explanation for any adverse history or 15 days after the date of first-class mailing of the request for an explanation. The bill would prohibit certain evictions or arrears from being included in the report.

The bill would also prohibit landlords from considering certain evictions or arrears or consumer reports that do not include an explanation by the consumer for any adverse history. If a landlord declines to enter, cancels, or adversely alters the terms of a rental agreement with a consumer, the landlord must provide the consumer report, or any tenant history considered by the landlord in making the adverse action. Violations of the bill would be considered a deceptive act or practice under the Kansas Consumer Protection Act.

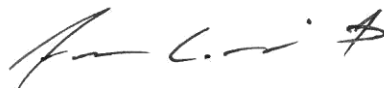
The bill would require courts to automatically seal certain court files upon the filing of a petition for eviction. The bill lists certain individuals and entities that would be allowed to access court files related to evictions. The bill would also require the court to open case files under certain conditions and would require case files to be sealed for three years after final resolution of the eviction proceeding, with certain exceptions. A landlord could not base adverse actions on sealed information.

Estimated State Fiscal Effect			
	FY 2024	FY 2025	FY 2026
<b>Expenditures</b>			
State General Fund	--	\$200,000	\$210,000
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	--	--
<b>Revenues</b>			
State General Fund	--	--	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	--	--
FTE Positions	--	2.00	2.00

The Office of the Attorney General indicates enactment of the bill would increase expenditures by \$200,000 in FY 2025 from the State General Fund for it to hire 1.00 Attorney FTE position and 1.00 Investigator FTE position to handle the initial caseload produced by the provisions of the bill relating to enforcement of the Kansas Consumer Protection Act. Of this amount, \$120,000 would be for salaries and wages for the attorney position and \$80,000 would be for salaries and wages for the investigator position. The Office estimates approximately \$210,000 would be needed from the State General Fund in FY 2026 for the positions. The Office also notes that the bill has a higher-than-typical likelihood of being challenged in court, which would increase its costs of defending the state. However, due to the unpredictability of litigation, the Office states it cannot estimate the fiscal effect of any legal challenges.

The Office of Judicial Administration indicates that enactment of the bill could increase expenditures to the Judicial Branch. The bill's provisions require all documents to be sealed in eviction cases, which would require district court clerks to manually track and seal the documents, increasing their workload. The Office indicates that an automated solution for tracking may be possible which could have costs associated. However, the Office states that until the courts have had the opportunity to operate under the provisions of the bill, a precise fiscal effect cannot be estimated. Any fiscal effect associated with SB 533 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt  
 Director of the Budget

cc: Trisha Morrow, Judiciary  
 William Hendrix, Office of the Attorney General