AN ACT concerning unfair business practices; prohibiting banks, trust companies, credit unions and other business entities from discriminating based on certain subjective or arbitrary standards; establishing civil penalties for violations.

Be it enacted by the Legislature of the State of Kansas:

Section 1. (a) No bank or trust company doing business in this state, either directly or through the use of an outside contractor, shall discriminate against, advocate for or cause adverse treatment of any individual, business or other customer based on subjective or arbitrary standards, including, but not limited to:

(1) Social media posts;
(2) participation or membership in any club, association or union;
(3) political affiliation;
(4) employer;
(5) social credit score;
(6) environmental, social and governance criteria; or
(7) other similar values-based or impact criteria.

(b) Nothing in this section shall be construed to interfere with a bank's or trust company's ability to discontinue or refuse to conduct business with an individual account holder or potential customer when such action is necessary for the physical safety of such bank's or trust company's employees.

(c) Notwithstanding the provisions of subsection (a), a bank or trust company may offer customers investments, products or services that include subjective standards if such standards are fully disclosed and explained to any potential customer or investor prior to entering into a contract for such investment, product or service.

(d) Notwithstanding the provisions of K.S.A. 2021 Supp. 9-1809, and amendments thereto, a bank or trust company that violates the provisions of this section shall be subject to a civil penalty of $50,000 for a first violation and a civil penalty of $250,000 for a second or subsequent violation. Any civil penalties collected pursuant to this section shall be remitted to the state treasurer in accordance with K.S.A. 75-4215, and
amendments thereto. Upon receipt of each such remittance, the state treasurer shall credit the entire amount to the bank commissioner fee fund.

(e) This section shall be a part of and supplemental to the state banking code.

Sec. 2. (a) No credit union doing business in this state shall discriminate against, advocate for or cause adverse treatment of any individual, business or other customer based on subjective or arbitrary standards, including, but not limited to:

(1) Social media posts;
(2) participation or membership in any club, association or union;
(3) political affiliation;
(4) employer;
(5) social credit score;
(6) environmental, social and governance criteria; or
(7) other similar values-based or impact criteria.

(b) Nothing in this section shall be construed to interfere with a credit union's ability to discontinue or refuse to conduct business with an individual account holder or potential customer when such action is necessary for the physical safety of such credit union's employees.

(c) Notwithstanding the provisions of subsection (a), a credit union may offer customers investments, products or services that include subjective standards if such standards are fully disclosed and explained to any potential customer or investor prior to entering into a contract for such investment, product or service.

(d) A credit union that violates the provisions of this section shall be subject to a civil penalty of $50,000 for a first violation and a civil penalty of $250,000 for a second or subsequent violation. Any civil penalties collected pursuant to this section shall be remitted to the state treasurer in accordance with K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall credit the entire amount to the credit union fee fund.

(e) This section shall be a part of and supplemental to the state credit union code.

Sec. 3. (a) No business entity in this state shall discriminate against, advocate for or cause adverse treatment of any individual, business or other customer in such business entity's business practices based on subjective or arbitrary standards, including, but not limited to:

(1) Social media posts;
(2) participation or membership in any club, association or union;
(3) political affiliation;
(4) employer;
(5) social credit score;
(6) environmental, social and governance criteria; or
(7) other similar values-based or impact criteria.

(b) Nothing in this section shall be construed to interfere with a person's or business entity's ability to discontinue or refuse to conduct business with a customer when such action is necessary for the physical safety of such person, such business entity or such business entity's employees.

(c) Notwithstanding the provisions of subsection (a), a business entity may engage in a business practice described in subsection (a) if the specific business practice is fully disclosed to the potential customer prior to such potential customer and such business entity entering into any business transaction.

(d) A business entity that violates the provisions of this section shall be subject to a civil penalty of $50,000 for a first violation and a civil penalty of $250,000 for a second or subsequent violation. The attorney general shall enforce this section. Any civil penalties collected by the attorney general pursuant to this section shall be remitted to the state treasurer in accordance with K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall credit the entire amount to the state general fund.

(e) For purposes of this section, "business entity" means a sole proprietorship, corporation, limited liability company, association, partnership, joint-stock company, joint venture, mutual fund, trust, joint tenancy or other similar form of business organization.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.