

January 27, 2023

The Honorable Nick Hoheisel, Chairperson
House Committee on Financial Institutions and Pensions
300 SW 10th Avenue, Room 582-N
Topeka, Kansas 66612

Dear Representative Hoheisel:

SUBJECT: Fiscal Note for HB 2105 by House Committee on Financial Institutions and Pensions

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2105 is respectfully submitted to your committee.

HB 2105 would enact the Kansas Earned Wage Access Services Act and would give the Office of the State Bank Commissioner authority to regulate earned wage access service providers. Earned wage access services would be defined as the business of delivering payment of compensation to a consumer prior to the next date on which an obligor is required to pay compensation or other income to a consumer. The Commissioner would license, examine, and investigate earned wage access service providers to ensure compliance with the Act.

For violations of the Act or the agency's rules or regulations, the Commissioner would be authorized to issue cease and desist orders, issue up to \$2,000 in fines per incident, require payment of restitution, require a provider to take action on the judgment of the Commissioner, or bar a provider from applying to register as a provider. The bill would also allow the Commissioner, Attorney General, or a county or district attorney to bring action in district court for violations of this Act. A conviction for an intentional violation would be a class A nonperson misdemeanor. A second or subsequent conviction would be a severity level 7, nonperson felony. If the person convicted could prove that they had no knowledge of the rules and regulations or order, then they would not be imprisoned.

The Office of the State Bank Commissioner indicates that it would require an additional 1.0 FTE Examiner position at a cost of \$70,200 from its Bank Commissioner Fee Fund for salaries and wages and an additional \$1,200 for information technology licenses and other operating expenses for FY 2024. Any fees collected under HB 2105 would be remitted to the State Treasury

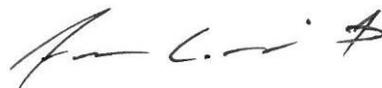
with ten percent credited to the State General Fund and the balance credited to the Bank Commissioner Fee Fund. However, the Office cannot estimate the amount of revenues the bill could generate.

The Kansas Sentencing Commission estimates that enactment of HB 2105 could have an effect on prison admissions, bed space, and workload of the Commission; however, any fiscal effect would be negligible. The Department of Corrections indicates that enactment of the bill would have no fiscal effect. The Office of the Attorney General indicates that costs associated with any increase in cases or complaints as a result of enactment of HB 2105 would be absorbed within existing resources.

The Kansas Judicial Branch indicates that HB 2105 would increase the number of cases filed in district courts because the bill would allow court actions to be filed to enforce the Act and the bill creates a new crime. The increase in the number of cases would require additional work by district court judicial and nonjudicial personnel in processing, researching, and hearing cases. Court service officers would also be required to supervisor offenders who receive a misdemeanor penalty. The bill could result in the collection of additional docket fees, fines, and supervision fees, most of which would be deposited in the State General Fund. However, the agency is unable to estimate a fiscal effect. Any fiscal effect associated with HB 2105 is not reflected in *The FY 2024 Governor's Budget Report*.

The Kansas Association of Counties indicates that the fiscal effect of HB 2105 would be negligible unless the number of violations would require additional court and staff time than could be absorbed within counties' current resources.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Brock Roehler, Office of the State Bank Commissioner
Jay Hall, Kansas Association of Counties
John Milburn, Office of the Attorney General
Vicki Jacobsen, Judiciary
Scott Schultz, Sentencing Commission
Randy Bowman, Department of Corrections