

February 7, 2012

Senate Judiciary Chairman Tim Owens
Kansas State Capitol Room 559-S
Topeka, Kansas 66612

RE: Opposition to SB 359 (Amending K.S.A. 16-201)

Dear Chairman Owens:

I write this letter in opposition to Senate Bill 359 in my capacity of assistant general counsel for a collection agency, Credit Management Services, Inc. ("CM"). CM provides collection services to medical service providers, banks, and other businesses across the state of Kansas. In doing so, CM files many limited actions civil lawsuits in Kansas each month and, thus, obtains judgments that would be affected by amendment of K.S.A. § 16-201.

The amendment proposed by Senate Bill 359 ("The Bill") would create **conflict among Kansas laws**, and would raise **retroactive legislation issues** resulting in **accounting issues** for Kansas courts and judgment creditors.

- **Conflict Among Kansas Laws**

Amendment of K.S.A. § 16-201 as proposed by The Bill would create conflict between §§ 16-201 and 16-204, as both statutes would provide conflicting rates of interest on judgments. Currently, § 16-201 has nothing to do with "interest on judgments"; instead, it sets the legal rate of interest on amounts due when no other rate is agreed upon. Currently, § 16-204 sets the rates of "interest on judgments". Enactment of the amendment proposed by The Bill would create conflict among Kansas laws inasmuch as each of the aforementioned statutes would provide conflicting rates of interest on judgments.

- **Retroactive Legislation Issues; Accounting Issues for Courts and Judgment Creditors.**

Enactment of the amendment proposed by The Bill would affect existing judgments because The Bill does not except interest rates on existing judgments. For example, § 16-204 provides judgment interest rates that are dependent upon the date of judgment entry. As such, § 16-204 does not affect interest rates on judgments that existed prior to the dates specified therein.

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However, The Bill makes no such distinction and, therefore, proposes to affect interest rates on existing judgments.

Enactment of the proposed amendment would force Kansas courts and judgment creditors to account for any changes to interest rates on all existing judgments. This compelled accounting would create the need for considerable resources in the form of time and personnel, and the consequent redistribution of money (in the form of wages) from productive efforts to compliance work.

- **No Justification for the Proposed Amendment**

Simply put, there is no justification for the amendment proposed by The Bill. As is indicated above, enactment of the proposed amendment would create conflict among Kansas laws, and would be contrary to both the private sector's and Kansas courts' efficient distribution of limited resources. Based on the aforementioned, it is clear that the costs associated with amending § 16-201 exceed any imagined benefit thereof.

I provide this letter in opposition to SB 359. I ask that this letter be considered written testimony in opposition to SB 359, and included as part of the permanent record. Please feel free to contact me with any questions: (308) 382-3000.

Sincerely,

CREDIT MANAGEMENT SERVICES, INC.

/s/Brady W. Keith
Assistant General Counsel.