

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Sandy Praeger at 9:30 a.m. on February 19, 2001 in Room 234-N of the Capitol.

All members were present except:

Committee staff present: Dr. Bill Wolff, Kansas Legislative Research Department
Ken Wilke, Office of the Revisor of Statutes
JoAnn Buntten, Committee Secretary

Conferees appearing before the committee:

Karen France, Kansas Association of Realtors
Erik Sartorius, Kansas City Regional Association of Realtors
Karen Hiller, Housing and Credit Counseling, Inc.
Pat Tholen, J. C. Nichols Real Estate, Prairie Village
Ron Gaches, Associated Credit Bureaus
Mike Stewart, Trans Union, Overland Park
Chuck Stones, Kansas Bankers Association
Dennis Hadley, Denison State Bank, Holton and Hoyt

Others attending: See attached list.

Hearing on SB 185 - Enacting the Credit Score Disclosure Act

Karen France, Kansas Association of Realtors, testified before the Committee in support of **SB 185** which would create the Fair Credit Score Disclosure Act. The Act would require credit reporting agencies to allow a consumer, upon request, to inspect all files maintained on that consumer. Ms. France pointed out that this bill only applies to mortgage credit scores, not consumer credit scores, and was drafted after the California bill. (Attachment 1)

Erik Sartorius, Kansas City Regional Association of Realtors, strongly encouraged passage of the bill noting that the legislation would require lenders to provide consumers their credit score and disclose the factors used to determine that score. He noted that consumers do not have the same protection and rights with credit scores as they do with their credit report. (Attachment 2)

Karen Hiller, Housing and Credit Counseling, Inc. and Pat Tholen, J. C. Nichols Real Estate, Prairie Village, also expressed support for the bill saying that the bill is important for the consumer when seeking a mortgage. (Attachment 3 and 4)

Testifying in opposition to **SB 185** was Ron Gaches, representing Associated Credit Bureaus, who outlined three provisions for not supporting the bill. He stated that (1) there is no single credit score that credit reporting companies could provide consumers in response to this bill, and the bill simply is not needed; (2) the Trade-Line Blocking portion of the bill (page 10, lines 10 thru 40), which is from the California statute, is an inflexible and possibly counterproductive effort to combat identify fraud; and (3) the bill also includes several changes to the Fair Credit Reporting Act, federal law since 1970 and Kansas law since 1973, which currently work well, and there is no need for change. Attached to his written testimony was material distributed to the Committee on Trans Union, Experian, Fair Isaac and Equifax, who are companies that will soon provide credit scoring information to consumers. (Attachment 5)

Also speaking in opposition to **SB 185** was Mike Stewart, Trans Union, Overland Park, (Attachment 6); Chuck Stones, Kansas Bankers Association, (Attachment 7); and Dennis Hadley, Denison State Bank, Holton and Hoyt, (Attachment 8).

CONTINUATION SHEET

Action on SB 123 - Insurance; model insurance producer licensing act

The Committee discussed whether or not to use the term “agent” or “producer” in **SB 123**, as well as technical changes in the bill.

Senator Feleciano made a motion that the Committee amend **SB 123** by providing technical changes in the bill on page 2, line 28, relating to K.S.A. 40-241 referring to “New Sec. 3” of the bill, as well as a technical change on page 4, line 12, and insert language after the word “both,” that would read, “or a personal lines qualification”, seconded by Senator Steineger. The motion carried.

Senator Feleciano made a motion to amend **SB 123** by inserting on page 12, line 1, after the word “commissioner”, the language, “a non-refundable fee in the amount of \$30 and”, seconded by Senator Steineger. The motion carried.

Staff briefed the Committee on a balloon of the bill showing proposed amendments. (Attachment 9)

Senator Corbin made a motion to amend **SB 123** recommending a global change of the word “producer” to “agent” throughout the bill, and that a substitute bill be drafted showing the proposed amendments as discussed by the Committee, seconded by Senator Steineger. The motion carried.

Senator Steineger made a motion that the Committee recommend **Sub for SB 123** favorable for passage, seconded by Senator Barnett. The motion carried.

Approval of Committee Minutes

Senator Teichman made a motion to approve the Committee minutes of February 13, 14 and 15, seconded by Senator Corbin. The motion carried.

Adjournment

The meeting was adjourned at 10:30 a.m. The next meeting of the Committee is scheduled for February 20, 2001.