

February 18, 2013

**Memorandum:**

To: House Utilities and Telecommunications Committee  
From: Thomas M. Palace  
Re: Comments regarding House Bill 2026

Mr. Chairman and Members of the House Utilities and Telecommunications Committee:

My name is Tom Palace. I am the Executive Director of the Petroleum Marketers and Convenience Store Association of Kansas (PMCA of Kansas), a statewide trade association representing over 300 independent Kansas petroleum distribution companies and convenience store owners throughout Kansas.

Thank you for allowing me to make comments in opposition to HB 2026.

HB 2026 requires sellers of prepaid mobile devices and SIM cards to “register” each purchaser of this type of product and remit the information to the Kansas Bureau of Investigation within 30 days or face a fine of \$500 for the first offense and a fine of not less than \$1000 on the second offense.

While this bill probably has good intentions, I feel it has more negatives than positives. I also assume the thrust behind this bill is that these “throw away” phones are used for criminal activity and the goal is to use a registration process as an enforcement tool for the KBI.

Let me start with the negatives of this bill:

- Retailers must retain and store hard copy records for 12 months. This becomes a space issue and most C-stores retain records at home office.
- Convenience stores pride themselves with quick service to get the customer in and out of the store within minutes. Additional paperwork to comply with HB2026 takes the convenience out of the term convenience store.
- Invasion of Privacy for law-abiding citizens who simply want a less expensive alternative to contract phones.
- Telephone numbers will not be known at time of purchase – most individuals will not return to retailer after activation to report phone number.
- Line 23-30 – phone package would have to be opened to verify this information, thus potentially violating the warranty should there be a problem with the phone.

- Disposable phones can be activated anonymously. How does this bill help with criminal activity?
- Phone could be purchased for intended user by a second party rendering all the information given useless.

Disposable phones are purchased by customers that don't have the need for a long term contract. Parents buy these phones for high school and college students for emergency use. Children purchase these phones for their elderly parents so that they can call without incurring long distance phone charges. Convenience store retailers sell these phones as a service to their customers. If a product becomes over regulated store owners will discontinue the product and the customer loses in the long run.

Mr. Chairman, I am unaware as to the extent disposable phones play in the criminal element. I am aware however, that the law abiding citizen purchases disposable phones for good reasons. If HB 2026 were to become law in its present form, my guess is that many retailers will discontinue the sale of disposable phones to avoid the paperwork and potential fines.

Additionally, the clerks at most retail liquor stores have their hands full...just doing day-to-day duties such as watching for gas thefts, checking ID's for Lottery tickets, tobacco products and beer, checking fuel levels in Underground Storage Tanks and handing back correct change to our customers. This bill adds further government regulation on an industry that is simply trying to service our customers

We urge the committee to oppose HB 2026.

Thank You.