

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE

The meeting was called to order by Chairman Ray Cox at 3:30 p.m. on February 16, 2004 in Room 527-S of the Capitol.

All members were present except:

Representative Tom Burroughs - excused
Representative Larry Campbell- excused

Committee staff present:

Bruce Kinzie, Revisor's Office
Bill Wolff Legislative Research Department
Maggie Breen, Secretary

Conferees appearing before the committee: Chuck Stones, Kansas Bankers Association
Pam Scott, Funeral Directors Association
Matt Goddard, Heartland Community Bankers Association
Dennis, Priest, SRS

Others attending:

See Attached List.

Chairman Cox opened the hearing on **HB 2781- Prearranged funeral arrangements, contracts or plans.**

Proponents:

Chuck Stones, Kansas Bankers Association, said that in a prearranged funeral account situation, if the customer/recipient of that account had received assistance from the SRS, and there is money left over in that account after all the bills have been paid, that money is to be paid back to the SRS. The bill clarifies that written notification that the customer/recipient has received assistance must be sent to the financial institution. The notification needs to be from the SRS, the funeral home, or the customer/recipient themselves. **HB 2781** also clarifies that the bank shall not be liable to the SRS for the balance in the account if written notice has not been received and the balance has already been paid to the estate of the purchaser of the account. **(Attachment 1)**

Pam Scott, Funeral Directors Association, appeared in support of **HB2781**. It clarifies current statutes concerning state recovery of prearranged funds. In 2002, **Sub for SB 513** was passed to put into place the procedure for recovering excess funds from prearranged funeral agreements. In it the recipient of medical assistance is required to provide notice of this to the funeral home. Since then, questions have arisen in cases where they have not notified the funeral home or finance institution. And there has been some question as to whether the financial institution is liable if they release the funds to anyone other than the SRS. This bill clears up the notification process and liability. **(Attachment 2)**

Matt Goddard, Heartland Community Bankers Association, said that there is some ambiguities in the way the law is written and how these things are handled. He agrees that there is a race to get the money and with the other proponents' testimonies. He encouraged the support of the committee. **(Attachment 3)**

Dennis Priest, Department of Social and Rehabilitation Services - Program Administrator, who has oversight of the Estate Recovery Program, testified that this legislation clarifies notice requirements for the Department's estate recovery process, for the recoveries of excess funds in a deceased medical recipient's funeral agreement. As the other proponents have already said, there is no formal notification process and this legislation helps clarify the process. He said it is an issue of fairness and he thinks there would be a small positive fiscal note of about \$28,000 if the bill is enacted. **(Attachment 4)**

Chairman Cox closed the hearing on **HB 2781**.

CONTINUATION SHEET

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE at 3:30 p.m. on February 16, 2004 in Room 527-S of the Capitol.

Chairman Cox opened the hearing on **SB 338 - Liens; change perfection period for certain liens to 60 days.**

Proponent:

Doug Wareham, Kansas Agribusiness Retailers Association, appeared in support of the bill. It extends the time period in which a supplier can perfect an agricultural production input lien from 20 days to 60 days. The term supplier is defined in the statute as a person who furnished agricultural production inputs, which includes: fertilizers, ag-chemicals, seed and other crop production inputs. The change is being sought because the current 20 day restriction requires the crop input suppliers to file a lien before the farmer customer has been greater than 30 days past due on any payment owed for crop inputs or related services. The suppliers don't want to file liens on people if they don't have to. **(Attachment 5)**

Chairman Cox closed the hearing on **SB 338.**

Chairman Cox said the committee would work **HB 2781, SB 338, and HB 2635 - UCCC, additional charges, insufficient check charges, notice.**

Representative Goico moved to pass **HB 2781** out favorably. Representative Dillman seconded the motion. The motion carried.

Representative Grant moved to pass **SB 338** out favorably. Representative Lane seconded the motion. The motion carried.

Representative Dreher moved to amend **HB 2635** with **Substitute for HB 2635**. Representative Goico seconded the motion. The motion carried. Representative Grant moved to pass **Substitute for HB 2635**. Representative Lane seconded the motion. The motion carried.

Representative Grant moved to approve the minutes of the February 11th meeting as corrected. Chairman Cox said that, without exception, the corrected minutes would be approved.

The meeting adjourned at 4:05 p.m.

The next meeting is scheduled for February 18.