

SESSION OF 2022

SUPPLEMENTAL NOTE ON SENATE BILL NO. 392

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 392 would amend and repeal provisions in the Kansas Uniform Securities Act that require a transfer of unencumbered funds in excess of \$50,000 to the State General Fund (SGF), from the Securities Act Fee Fund of the Kansas Insurance Department (Department), on the last day of each fiscal year. [Note: The 2021 Legislature suspended the transfer in both FY 2021 and FY 2022, but under current law, the transfer would occur in FY 2023.]

The bill would be in effect upon publication in the *Kansas Register*.

Background

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Department. [Note: SB 392 contains provisions similar to those found in 2021 HB 2447].

***Senate Committee on Financial Institutions and
Insurance***

In the Senate Committee hearing on February 1, 2022, a representative from the Office of the Attorney General and the Department provided **proponent** testimony. The Department representative stated the bill is in response to *Blumer v. State of Kansas* in which the plaintiffs had argued fees paid by

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

securities registrants into the Securities Act Fee Fund should be used for the regulation of the securities industry and not transferred to the SGF. It was noted, during the 2021 Session, that a two-year freeze of this annual transfer was enacted through the budget process, pending the final resolution of the lawsuit. The representative of the Office of the Attorney General stated the bill would statutorily carry out what the State of Kansas has already agreed to do by settlement agreement and subsequent court order, and the plaintiffs' attorney concurs that the bill is compliant with the terms of the settlement agreement.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, the Department states the bill would not affect the revenues received into the Securities Act Fee Fund, and due to the elimination of the transfer (which would resume in FY 2023, absent changes to law), the Fund would retain approximately \$5,136,138 in FY 2023. Any fiscal effect associated with enactment of the bill is reflected in *The FY 2023 Governor's Budget Report*.

Insurance Department; Kansas Uniform Securities Act; Securities Act Fee Fund; State General Fund transfer