

February 19, 2008

The Honorable Clark Shultz, Chairperson
House Committee on Insurance and Financial Institutions
Statehouse, Room 141-W
Topeka, Kansas 66612

Dear Representative Shultz:

SUBJECT: Fiscal Note for HB 2862 by Representative Swenson

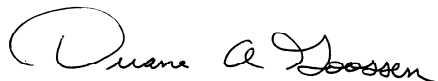
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2862 is respectfully submitted to your committee.

HB 2862 would prohibit credit or debit card companies from charging transaction charges or any other charges or fees to merchants based on the sales tax portion of any credit or debit card sales transaction. The bill includes a civil penalty of \$5,000 per violation and would allow a merchant to sue a financial institution for damages if the merchant's rights under this bill are violated.

The Department of Revenue indicates that HB 2862 would not have a fiscal effect on state revenues or expenditures. The bill may have a fiscal effect on credit and debit card companies, if any of the charges or fees that they charge to merchants are based on the sales tax portion of any credit or debit card sales transaction.

HB 2862 has the potential for increasing litigation in the courts. If it does, the Office of Judicial Administration indicates that there would be a fiscal effect on the operations of the court system. However, it is not possible to predict the number of additional court cases that would arise or how complex and time-consuming they would be. Therefore, a precise fiscal effect cannot be determined. In any case, the fiscal effect would most likely be accommodated within the existing schedule of court cases and would not require additional resources.

Sincerely,



Duane A. Goossen
Director of the Budget

cc: Linda Bundy, Banking
Matt Sinovic, Attorney General's Office
John P. Smith, Department of Credit Unions