Kansas Legislative Research Department April 7, 2015

SUPPLEMENT TO
PRELIMINARY SUMMARY OF LEGISLATION
2015 KANSAS LEGISLATURE

This updated version of the April 2, 2015 publication contains summaries of selected bills enacted by the Legislature from noon on April 1 to adjournment on April 2. Bills that have not yet been signed by the Governor are included.

The first Preliminary Summary containing summaries of major bills which were enacted through noon, April 1, 2015, was distributed on April 2, 2015. A final supplement will be mailed after the wrap-up session in May.

Highlights, a summary of major legislation in newsletter form, will be prepared and mailed to legislators as soon as possible after the Session. *The Summary of Legislation*, which accounts for all bills enacted by the 2015 Legislature, will be distributed at a later date.

These documents are available on the Kansas Legislative Research Department's website: http://www.kslegresearch.org.

Kansas Legislative Research Department
Room 68-West, Statehouse, 300 SW 10th
Topeka, Kansas 66612-1504

Telephone: (785) 296-3181
Fax: (785) 296-3824
kslegres@klrd.ks.gov

Table of Contents

AGRICULTURE AND NATURAL RESOURCES....1
Local Conservation Linked Deposit Lending Program; House Sub. for SB 36....1
Water Conservation Areas; Agricultural Liming Materials; Arkansas River Gaging Fund; SB 156....1

BONDS....4
Authorization for the Issuance of $1.0 Billion in Bonds; KPERS Employer Contribution Rates; SB 228....4

ENERGY AND UTILITIES....5
Land-Spreading of Drilling Waste; Disposal of Radioactive Materials; Water Quality Variances; SB 124....5

FINANCIAL INSTITUTIONS....6
Kansas Banking Code—Recodification; Statutory Fees; Inclusion of Special Orders; Reporting; SB 240....6

RETIREMENT....15
KP&F Definitions, Eligibility for Benefits; Senate Sub. for HB 2101....15

STATE GOVERNMENT....16
Reorganization—Medicaid Eligibility and Foster Care Licensing; ERO 43....16
Eligibility Requirements for Temporary Assistance for Needy Families, Child Care Assistance, and Food Assistance; Senate Sub. for HB 2258....16

TRANSPORTATION AND MOTOR VEHICLES....21
Creation of Kansas Transportation Network Company Services Act; House Sub. for SB 117....21
Highway and Bridge Designations; Provisions Relating to Signage; SB 127....27

AGRICULTURE AND NATURAL RESOURCES

Local Conservation Linked Deposit Lending Program; House Sub. for SB 36

House Sub. for SB 36 creates the Local Conservation Linked Deposit Lending Program. The purpose of the program is to facilitate loans by eligible financial institutions for the construction, design, rehabilitation, and enhancement of nonpoint source water pollutions control systems for public or private owners. The bill gives authority to the Secretary of Health and Environment (Secretary) to prepare a nonpoint source management plan identifying eligibility criteria, practices eligible for funding, eligibility criteria for borrowers, eligibility criteria for costs, project completion and certification requirements, and process. Under the bill, eligible borrowers includes individuals, limited liability agricultural companies, limited agricultural partnerships, family farm corporations, responsible parties, or owners of real property not including the State, state agencies, the federal government, or any agency of the federal government.

The Secretary will authorize a linked deposit in the amount certified using long-term investment funds available from the Kansas Water Pollution Control Revolving Fund or from other sources available to the Secretary into eligible financial institutions in the form of low-yielding certificates of deposit or time or demand deposits or other authorized deposits of investments.

An eligible financial institution will be required to enter into an agreement with the Secretary which includes the requirements necessary to implement the program. In addition, the bill permits eligible financial institutions that agree to receive local conservation loan deposits to accept and review applications for loans from eligible borrowers. The financial institutions can then approve or reject a loan application based on the evaluation of the borrower, the amount of the loan, and other appropriate considerations in the application and using all usual lending standards.

The Secretary will be authorized to disseminate information regarding eligibility for potential participants in the program and may accept or reject a project application based on the determination of the project being consistent with the criteria in the nonpoint source management plan. In addition, the Secretary will be authorized to adopt rules and regulations.

The bill also stipulates the loans authorized by the program will not be deemed to be a debt or liability of the State or the Secretary, and will not constitute a pledge of the State, any political subdivision, or the Secretary.

Water Conservation Areas; Agricultural Liming Materials; Arkansas River Gaging Fund; SB 156

SB 156 establishes water conservation areas, prescribes testing methods for agricultural liming material, and provides for the operation and maintenance of groundwater gage sites in the Arkansas River Basin.

Water Conservation Areas

The bill permits a water right owner or a group of water right owners in a designated area to enter into a consent agreement and order with the Chief Engineer to establish a water

conservation area. The bill requires the water right owner or owners to submit a management plan to the Chief Engineer. The management plan is the basis of the consent agreement and order and must:

- Include geographic boundaries;
- Include the written consent of all water right owners in the area;
- Include a finding that one or more of the following circumstances exist: groundwater levels are declining or have declined; the rate of withdrawal equals or exceeds the rate of recharge; preventable waste of water is occurring or may occur; or unreasonable deterioration of water quality is occurring or likely to occur;
- Include the proposed duration of the water conservation area and any process by which water right owners may request to be added or removed;
- Include goals and corrective control provisions to address declining water levels, withdrawal rates which equal or exceed the rate of recharge, preventing waste of water, or water quality deterioration;
- Give due consideration to water users who have implemented voluntary reductions in water use; and
- Include compliance monitoring and enforcement and be consistent with state law.

The bill provides that if the corrective control provisions of a water conservation area conflict with rules and regulations of a groundwater management district (GMD) or the requirements of a local enhanced management area (LEMA) or intensive groundwater use control area (IGUCA) that result in greater overall conservation of water, then the Chief Engineer is authorized to amend the provisions of the water conservation area to conform to any rules and regulations or requirements that result in greater conservation of water.

Prior to execution of the consent agreement and order of designation, the bill requires the Chief Engineer to notify in writing the GMD within which any participating water right is situated. The GMD is given an opportunity to provide a written recommendation regarding the water conservation area and management plan within 45 days of notification by the Chief Engineer.

In addition, the bill requires periodic review of the consent agreement and order of designation which may be initiated by the Chief Engineer or upon request of the water right owners in the water conservation area. The review must be conducted at least once every ten years. Further, the Chief Engineer may, with the consent of all participating water right owners, amend a consent agreement or order of designation for a water conservation area.

The bill also gives rule and regulation authority to the Chief Engineer and makes these provisions part of and supplemental to the Kansas Water Appropriation Act.

Agricultural Liming Material Testing

The bill eliminates the reference to the testing methods prescribed by the Association of Official Analytical Chemists with regard to the testing of agricultural liming materials sold, offered, or exposed for sale in Kansas.

Groundwater Gages in the Arkansas River Basin

The bill adds the operation and maintenance of stateline groundwater gage sites in the Arkansas River Basin as a priority expenditure from the Arkansas River Gaging Fund.

In addition, the bill increases the cap on the amount of funding received from oil and gas lease royalties in five counties from $75,000 to $95,000.

BONDS

Authorization for the Issuance of $1.0 Billion in Bonds; KPERS Employer Contribution Rates; SB 228

SB 228 allows the Kansas Development Finance Authority (KDFA) to issue bonds, in one or more series, in an amount not to exceed $1.0 billion, plus all amounts required to pay the costs of issuance. No bonds may be issued without the approval of the State Finance Council, which could meet while the Legislature is in session. The proceeds from the bonds must be applied to the unfunded actuarial pension liability, as directed by the Kansas Public Employees Retirement System (KPERS). Debt service is payable from appropriations. The interest rate of the bonds, all inclusive cost, must not to exceed 5.0 percent. The bonds issued and interest owed are an obligation of KDFA and not KPERS. The bonds issued are not considered a debt or obligation of the State for purposes of the *Kansas Constitution*. The Department of Administration and KDFA may enter into contracts to implement the payment arrangements after the bonds are issued.

The employer contribution rate for the State-School Group will decrease from 12.37 percent to 10.91 percent in FY 2016 and from 13.57 percent to 10.81 percent in FY 2017, provided debt service payments are not financed using capitalized interest or have capitalized interest-only service payments. “Capitalized interest” means payments on the bonds that are pre-funded or financed from bond proceeds as part of the issue for a specified period of time in order to offset one or more initial debt service payments.

Land-Spreading of Drilling Waste; Disposal of Radioactive Materials; Water Quality Variances; SB 124

SB 124 authorizes the Secretary of Health and Environment to adopt rules and regulations on the land-spreading of solid waste generated by drilling oil and gas wells. The bill extends indefinitely the land-spreading program managed jointly by the Kansas Department of Health and Environment (KDHE) and Kansas Corporation Commission (KCC).

The bill requires the seller of any property where land-spreading has occurred within the previous three years to disclose the land-spreading to any potential purchaser of the property prior to closing. In addition, the bill requires the KCC, in coordination with KDHE, to annually present a report on land-spreading to the Senate Committee on Natural Resources, Senate Committee on Utilities, Senate Committee on Ways and Means, House Committee on Agriculture and Natural Resources, House Committee on Energy and Utilities, and House Committee on Appropriations.

The bill allows for the disposal of waste containing low concentration of naturally occurring radioactive materials (NORM) and technologically-enhanced NORM (TENORM) by underground burial. Currently, the underground burial of all low-level radioactive waste is prohibited. The bill authorizes the Secretary of Health and Environment to promulgate rules and regulations on or before July 1, 2016, regarding the allowable concentrations and sources of NORM and TENORM waste.

The bill also updates the definition of “by-product material” with the language specified by the federal Nuclear Regulatory Commission and replaces a reference to a Board that no longer exists with a reference to the Secretary of Health and Environment.

Finally, the bill allows the Secretary of Heath and Environment, through rules and regulations, to establish variances to water quality standards that may apply to specified pollutants, permittees, or waterbody segments that reflect the highest attainable condition during the specified time period for the variance.

Kansas Banking Code—Recodification; Statutory Fees; Inclusion of Special Orders; Reporting; SB 240

SB 240 will recodify the Kansas Banking Code (Chapter 9, *Kansas Statutes Annotated*) and also make amendments to two statutes where provisions of the Banking Code are referenced. As part of the recodification, the bill adds 18 previously issued Special Orders of the Bank Commissioner to existing or new statutes and repeals 56 statutes. Of the 56 statutes repealed, 36 will be recodified into existing or new statutes upon enactment of the bill.

Organization of the Banking Code

The Banking Code is composed of 209 statutes and is organized into the articles referenced below:

- Article 5, Miscellaneous Provisions (includes Kansas Money Transmitter Act and Bank Holding Company law);
- Article 7, Definitions;
- Article 8, Organization;
- Article 9, Capital Stock and Structure;
- Article 11, Powers;
- Article 12, Transactions;
- Article 13, Deposit Insurance and Bonds;
- Article 14, Deposit of Public Moneys;
- Article 15, Safe Deposit Box Rental;
- Article 16, Trust Authority;
- Article 17, Supervision; Commissioner;
- Article 18, Supervision; Board;
- Article 19, Dissolution; Insolvency;
- Article 20, Crimes and Punishments;
- Article 21, Trust Companies; and

- Article 22, Mortgage Business.

The following is a summary of the substantive new or modified provisions that are included in this recodification of the Banking Code.

New Sections Incorporated into the Banking Code

The bill adds law relating to allowing Kansas banks to pledge assets to secure certain deposits in out-of-state branches, informal agreements, consent orders, the crime of obstructing an investigation or examination; establishing fees in statute and providing when the Commissioner can change or waive fees, and allowing banks to pledge to secure funds of federally recognized Indian tribes. More specifically, the bill will:

- Permit state-chartered banks to pledge assets to secure the deposits of public funds in other states where the Kansas bank has branches (codify Special Order 1997-3; New Section 1);

- Authorize the Commissioner to enter into an informal agreement with a bank or trust company for a plan of action to address possible safety or soundness concerns, violations of the law, or any weakness displayed by the bank or trust company when specified circumstances exist (New Section 3);

- Authorize the Commissioner to enter into a consent order at any time with a bank, trust company, any executive officer, director, employee, agent, or other person (New Section 4);

- Create a new crime, providing it will be unlawful for any director, officer, employee, or agent of a bank or trust company to alter, destroy, shred, mutilate, conceal, cover up, or falsify any record with the intent to impede, obstruct, impair, or influence any examination, investigation, or proceeding by the Commissioner. Persons violating this provision will, upon conviction, be guilty of a severity level 8, nonperson felony (New Section 8); and

- Establish nonrefundable application fees, including those for bank or trust company charters, change of control, conversion to state charter, and certain fiduciary activities. The Commissioner will be allowed to adopt rules and regulations to change the amount of the fees established under the bill to an amount not to exceed 150 percent of any such fee. Additionally, the Commissioner will be authorized to waive any fee. The bill will provide that applicants may be required to pay additional costs associated with an examination or investigation, should the Commissioner determine an on-site examination is necessary.

  The bill will permit the Commissioner to adopt rules and regulations relating to the provisions of this section and will require the Commissioner, within the first two weeks of each legislative session, to submit to the House and Senate appropriations and budget subcommittees, a written summary of any rules and regulations adopted (New Section 12); and

Note: At present, the fees, with the exception of fees established for conversion (currently, no fee charged) and out-of-state trust facilities, are prescribed by agency rules and regulations (KAR 17-22-1). Fees associated with a new bank branch and relocation of a branch bank or main office will be increased from the amount specified in rules and regulations of $750 to $1,000.

- Authorize banks to pledge to secure funds of federally recognized Indian tribes (codify Special Order 1999-1; New Section 13).

The bill will recodify and add law to establish a fee on applicants under Article 8 of the Banking Code (*i.e.*, new charters, conversion, change of name, and relocation) to defray the expenses of the State Banking Board, Commissioner, or other designees in the examination and investigation of an application. (Currently, rules and regulations state applicants must pay additional costs if the Commissioner determines an on-site exam is necessary.) Pursuant to existing law, the fees will be deposited into a fund for investigations and examination (termed "bank investigation fund" under the bill) and must be used for the payment of examination expenses. Any unused funds must then be transferred to the Bank Commissioner Fee Fund (fee established; recodify KSA 9-1803; New Section 10).

The bill will recodify existing statutes, shown as new law and described below, relating to authorization of the Commissioner to temporarily close or relocate banks and trust companies in the event of an emergency; outline voluntary liquidation procedures; prohibit relocation without approval and notification criteria met; and grant authority for the State Banking Board to approve banker's banks:

- Allow the Commissioner to temporarily close banks and trust companies in an affected area, by proclamation, in the event of an emergency. The bill further outlines the criteria and posting of notice for closure and, if approved, temporary relocation of such institutions (recodify KSA 9-515, also similar closure provisions from KSA 9-516 through 9-518; New Section 2);

- Allow a bank, through a specified vote and approval of a liquidation plan, to liquidate by paying in full all of its depositors and creditors. Such bank will be required to file its liquidation plan with the Commissioner. The bill grants the Commissioner authority to examine the bank or compel the bank to file reports during the time it is being liquidated. The bill further provides authorization for the Commissioner to appoint a receiver and the procedure associated with the completion of the liquidation of a bank (recodify KSA 9-1108; new language references receivership process, Chapter 9, Article 19; New Section 5);

- Provide that, upon the approval of the Commissioner, the board of directors of a bank in the process of voluntary liquidation may borrow an amount not to exceed 100 percent of the bank's total deposit liabilities and may pledge the bank's assets (recodify KSA 9-1109; New Section 6);

- Permit, as part of the approved liquidation plan, any bank to sell all or any part of the bank's assets to any other bank, either state or national, and allow the bank to receive in payment cash, shares of stock in the purchasing bank, or both (recodify KSA 9-1110; New Section 7);

- Prohibit a bank or trust company from changing its place of business from one city or town to another without prior approval. The bill specifies notification procedures and authorizes the Commissioner to examine and investigate the application. One factor to be considered in the approval would be that the selected name for the bank is not the name of any other bank doing business in the same city or town and is not used within a 15-mile radius of the proposed location (recodify KSA 9-1804; New Section 9); and

- Grant authority to the State Banking Board to approve the application for the organization of a "banker's bank" (recodify KSA 9-1808; New Section 11).

Amendments to Existing Statutes

The bill makes a number of technical, clarifying, grammatical, and organizational changes. Following is a summation of substantive amendments to the Banking Code (statutory article specified).

Bank Holding Companies

The bill updates the definition of "bank holding company" and specifies when, in addition to methods in existing law, a company may become a holding company. Under the bill, any company, with the prior approval of the Commissioner, by virtue of acquisition of ownership or control of, or the power to vote the voting shares of, a bank or another company, may become a holding company. Additionally, the bill removes some of the required information and documentation to be filed with an application. The bill also restates an applicant's rights associated with the denial of an application and also clarifies that a bank holding company applicant may be required to supplement its application with information required for a change of control application. **(Article 5)**

Definitions

The bill updates terms and eliminates terms no longer applicable to the Banking Code. **(Article 7)**

Organization of Banks and Trust Companies

The bill reorganizes a statute pertaining to the organization or incorporation of a bank or trust company by inserting application requirements and provisions allowing further review of an applicant (recodify KSA 9-1801 and 9-1802 into KSA 9-801). The bill also inserts provisions regarding lapsed articles of incorporation into another statute pertaining to the lapse, renewal, or extension of a bank's corporate existence (recodify KSA 9-807).

The bill also specifies that the full amount of common stock, including the surplus and undivided profits, must be subscribed by a new bank or trust company prior to its filing of the articles of incorporation with the Kansas Secretary of State's office. The bill amends a provision relating to conversion to a state bank to create a restriction on the naming of the bank. The bill also amends a provision governing conversion of a state bank to a national bank by requiring the state bank to provide a copy of its application to the Office of the Comptroller of the

Currency (OCC, regulates national banks) and written notice of the OCC's approval for the bank to convert. The bill details the process associated with the name change of banks and trust companies, including notification requirements. **(Article 8)**

Capital Stock and Structure—Increase Capital Minimums, Other Amendments

The bill will increase the required minimum capital amounts for banks and trust companies organized on or after July 1, 2015. Under the bill, the required minimum capital at the time of the bank organization must be the greater of $3,000,000 or, as stated in existing law, an amount equal to 8 percent of the proposed bank's estimated deposits five years after organization (the minimum capital specified in current law is an amount of at least $250,000; the increased minimum capital requirement also will apply to banks that relocate). For trust companies, the bill will increase the minimum capital requirement from $250,000 to $500,000. Additionally, all banks will be required to maintain a capital ratio of at least 5 percent of equity capital to total assets at all times; this requirement also will apply to banks at the time of conversion to a state charter. The bill also specifies when the minimum capital requirements will not apply and allow the Commissioner, in the Commissioner's discretion, to approve a relocation with a smaller equity capital amount under certain circumstances. The bill also grants authority to the Commissioner to require an amount of capital in excess of the required minimum and require banks failing to meet the minimum capital ratio to notify the Commissioner within three days. Upon notice, the Commissioner may require the bank to submit a written plan for restoring capital.

Additionally, the bill updates a provision relating to common and preferred stock of a bank or trust company to remove a limitation on the dollar increment for shares and clarifies the allowed swap of common stock or preferred stock would not be subject to requirements for a capital reduction and the new issue of preferred stock.

The bill also creates a definition for "impairment" and includes reference to the term in the statute pertaining to the impairment of a bank or trust company's capital stock. **(Article 9)**

Powers—Banks

The bill updates the general powers section of the Banking Code (KSA 9-1101) to include several previously issued Special Orders. The Special Orders that will be added to the general powers' section are SO 1975-2 (powers to operate postal substation); 1976-1 (power to invest in foreign bonds up to 1 percent of capital); 1987-1 (power to purchase investment company shares); 1988-4 (power to sell insurance with an extension of credit); 1990-2 (power to act as an insurance agent in cities with a population less than 5,000); 1990-3 (power to become a member of the Federal Home Loan Bank); 1992-1 (power to acquire stock of another institution, if incidental to a lawful reorganization); 1995-2 (power to loan money on the security of the stock of the parent company); 1995-6 (power to own subsidiary for managing investment portfolio); 1996-1 (power to establish a subsidiary for acquiring stock of another institution pursuant to lawful reorganization); 2000-1 (power to establish a subsidiary to engage in activity that is financial in nature); and 2002-2 (power to invest in the Federal Home Loan Bank).

Additionally, the bill updates provisions relating to the holding of real estate by a bank or trust company to clarify when holding periods start and allow for extensions of time for holding a parcel or real property; includes provisions for personal property; provides that a bank will be permitted to own all or part of the stock in a single trust company or safe deposit company

organized under Kansas law; and provides that a bank can own all of the stock in a corporation or limited liability company (LLC) organized under Kansas law, owning real estate, all or a part of which is occupied or to be occupied by the bank or trust company. The bill further specifies that, with the prior approval of the Commissioner, a bank may exchange its participation interest in real estate acquired or purchased in satisfaction of any debt previously contracted for an interest in a corporation or LLC which would manage, market, and dispose of the property. The bill sets forth criteria for the bank's directors to complete prior to this exchange. (The power to exchange participation interest in property acquired by debt previously contracted created under the bill will codify Special Order 2010-1.)

The bill amends provisions relating to State Banking Board approval for non-eligible banks to branch. This approval will be assigned to the Commissioner. The bill inserts provisions relating to and defining loan production activity at locations other than the place of business specified in the bank's certificate of authority or approved branch banks. The bill also updates the definition of "remote service units" and clarifies the meaning of "online" and "offline" as the terms apply to the definition. The change to the definition of "remote service units" will allow banks to operate interactive teller machines (ITMs). [This update to "remote service units" also was proposed in 2015 HB 2352, whose contents have been inserted in HB 2216.]

The bill also updates law governing unlawful transactions to include "related interests" in the listing of such transactions which, under current law, require prior approval of the Commissioner. The bill inserts provisions relating to unlawful preferences that currently are stated in KSA 9-1113. The bill also amends provisions pertaining to the management and control of a bank or trust company to add a requirement of taking and subscribing to an oath for directors and related notification to the Commissioner following an election and a requirement, following the annual meeting, on banks and trust companies to submit a certified list of stockholders and the number of shares owned by each. Further, the bill specifies that minutes must be made of each directors' meeting of a bank or trust company and actions that will be required to be recorded in such minutes. The bill also updates existing provisions relating to closure of a bank on a designated business day to include definitions and provisions relating to closure by proclamation (special observances and emergencies). [Emergency closures and temporary relocations provisions are generally addressed in existing law, KSA 9-515 through 518.]

The bill also modifies an existing provision relating to the prohibition of establishing or maintaining a branch in Kansas on the premises or property of an affiliate engaged in commercial activities (recodify KSA 9-1139 into KSA 2014 Supp. 9-1140). **(Article 11)**

Transactions

The bill clarifies that the provisions of Article 12 in the Banking Code apply only to national and state chartered banks with a main office or branch in Kansas. The bill also makes clarifying amendments to a provision relating to payable-on-death accounts and incorporate provisions relating to vesting of the beneficiary's interest (recodify KSA 9-1216 into KSA 2014 Supp. 9-1215). **(Article 12)**

Deposit Insurance

The bill updates provisions governing deposit insurance held by banks to remove a requirement that allows a bank to opt out of having Federal Deposit Insurance Corporation

(FDIC) insurance. The statute is amended to permit state banks to purchase surety bond coverage for the purpose of insuring deposits in excess of the FDIC coverage limit (this amendment would codify Special Order 1993-1). The bill also amends a statute governing receivership and liquidation necessitated by a bank's inability to meet the demands of its depositors to remove a requirement that the FDIC, in acting as a receiver or liquidator for a bank, obtain approval from the district court prior to a sale of assets. **(Article 13)**

Deposit of Public Moneys

The bill modifies the statute pertaining to the designation of a depository for public moneys to incorporate provisions relating to the written security agreement between banks and municipalities (incorporate KSA 9-1405(c) into KSA 2014 Supp. 9-1401). The bill also reorganizes definitions applicable to Article 14 and inserts definitions for the terms "Kansas national bank" and "Kansas state bank." **(Article 14)**

Safe Deposit Boxes

The bill removes a statement of policy on behalf of the State of Kansas and instead specifies banks, trust companies, and safe deposit corporations may maintain safe deposit boxes and rent the same for consideration. The bill also clarifies the relationship between what is currently termed as the landlord (bank, trust company, safe deposit corporation) and tenant (user) of a safe deposit box and instead use the terms "lessor" and "lessee." The terms are then used throughout the article. The bill also provides a process for the disposal of the contents of a safe deposit box relating to a probate proceeding. The bill restates requirements about when and how a bank could open a safe deposit box upon failure of the lessee to pay rent or surrender the box after the leasing period ends (the surrender of possession requirements are incorporated into KSA 9-1506 from KSA 9-1507). **(Article 15)**

Trust Departments—Authority

The bill modifies the application and approval process for a bank to conduct trust business in the state (incorporate criteria relating to approval of an application from KSA 9-1602 into KSA 2014 Supp. 9-1601). The bill also clarifies and states permissible methods for the termination of a bank's trust business – successor trustee as provided in the Uniform Trust Code or *via* contracting of the services. The bill updates a provision governing the control of a bank trust company to add directing the management or policies of the trust company. **(Article 16)**

Powers—Commissioner

The bill modifies the examination requirements specified in law to authorize the Commissioner to accept examination reports or any other reports on a state bank or trust company by the FDIC, Federal Reserve Bank, or the Consumer Financial Protection Bureau.

The bill inserts a provision relating to how a request for information associated with a requested report of a bank or trust is made (incorporates 9-1707 into KSA 2014 Supp. 9-1704). The bill also removes an existing authority of the Commissioner which permits the Commissioner to revoke the authority of a bank or trust company to transact business in the event of a refusal of examination or investigation and instead specifies the administrative

actions available to the Commissioner pursuant to KSA 9-1714, 9-1805, 9-1807, or 9-1809. The bill replaces language governing the willful refusal to be examined and the administrative remedy to provide due process for a bank or trust company. The bill clarifies when and how confidential information generated as part of an investigation or examination of a state bank or trust company will be shared (incorporates provisions from KSA 9-1303 into KSA 9-1712).

The bill also increases the fine, from $100 to $1,000 for each day the violation occurs, associated with the willful violation of a prohibition on a felon serving as a director, officer, or employee of a bank. The bill amends the definition of "control" to add directing the management or policies of the trust company and update the process for change of control or merger transaction applications.

The bill updates a statute pertaining to mergers to account for modifications made to the change of control provisions and retains an exemption relating to national banks. The bill requires notification of the merger transaction and notice of publication in the community where the bank is located. **(Article 17)**

Powers—State Banking Board

The bill updates a statute pertaining to the removal of an officer or director to clarify the right to an administrative hearing and any action relating to the removal of such person or prohibition of further participation in any manner in the affairs of the state bank or trust company by the State Banking Board will be subject to review in accordance with the Kansas Judicial Review Act. **(Article 18)**

Dissolution; Insolvency

The bill replaces provisions governing the process for the dissolution of a bank's business as a corporation and reference the voluntary liquidation process (for deposits of the bank) outlined in the bill. The bill also updates the criteria for a critically undercapitalized bank or trust company to clarify that intangibles cannot be included in the calculation of capital. The bill reorganizes and specifies the permitted options available to the Commissioner when, upon examination of a bank or trust company, the institution is found to be critically undercapitalized or insolvent. A new option granted to the Commissioner authorizes the Commissioner to enter into an informal memorandum to notify the bank or trust company of the unsafe and unsound condition and requires the bank or trust company to correct the condition within the time frame prescribed by the Commissioner (informal memorandums also are addressed in New Section 3).

The bill also modifies and clarifies provisions relating to the appointment of a receiver for a bank or trust company. The bill provides two methods for appointment of a receiver by the Commissioner – appointment of the FDIC and appointment of any individual, partnership, association, LLC or other business entity with relevant experience in the field of banking or trust. Receivers, other than the FDIC, will be required to file in the district court. The bill also provides for an expedited due process procedure. The bill clarifies the FDIC will be excepted from the procedure associated with payments to creditors after receivership. The bill also deletes and restates the process for a bank or trust company to surrender complete control of all assets and property to the Commissioner. **(Article 19)**

Crimes and Punishments

The bill generally updates references to the classification of misdemeanors (*e.g.*, specifying Class A, nonperson misdemeanors). The bill updates a provision regarding the making of a false report to account for filing of electronic information. The bill also excepts the FDIC from a provision governing violations by a receiver. The bill eliminates a provision pertaining to embezzlement and instead provides it is unlawful to injure, defraud, or deceive a bank or trust company for personal gain and use such entity's name for such gain.

The bill also updates the severability clause provided in Article 20 to specify the Banking Code. **(Article 20)**

Trust Companies

The bill updates provisions relating to the authority of trusts authorized to receive deposits to make a more broad reference to the Banking Code, rather than to the act in current law. The bill also addresses the liability of stockholders in a trust company to specify that the owners of stock will be the persons deemed liable, not the persons holding trust company stock in another capacity. The bill allows either the entity holding the stock or person pledging stock as collateral security to vote as the shareholder, depending on the arrangement made.

The bill addresses the naming of trust service offices and provides limitations on the selection of and notification about the name. The bill also establishes the authority to charge a fee on applicants (fees generally addressed in New Section 12). **(Article 21)**

Updates to Other Laws

The bill amends a provision in employment law pertaining to pay periods and payment methods to revise the definition of "payroll card" by removing reference to KSA 9-1111d. The bill also amends the statute governing eligibility requirements for assistance to delete reference to KSA 9-1216. (Under the bill, this statute is incorporated into KSA 9-1215.)

Repealed Statutes

In addition to the 36 statutes that will be recodified into new or existing statutes, 20 additional statutes will be repealed with the enactment of the bill. (Testimony described these statutes as either duplicative or obsolete and unnecessary.)

RETIREMENT

KP&F Definitions, Eligibility for Benefits; Senate Sub. for HB 2101

Senate Sub. for HB 2101 defines "police," "policeman," and "policemen," as those terms are used in the statutes relating to the Kansas Police and Firemen's (KP&F) Retirement System, to mean individuals who have been certified by the Kansas Law Enforcement Training Center and assigned to a police department, whose duties include engagement in the enforcement of law, who have been designated by their employer as a police officer, and for whom contributions have been made to the KP&F Retirement System. Individuals covered by the bill are not to be denied benefits because of a temporary or full-time assignment to a jail, adult detention center, or other correctional facility. The bill applies retroactively to July 1, 1999.

Reorganization—Medicaid Eligibility and Foster Care Licensing; ERO 43

Executive Reorganization Order (ERO) No. 43 transfers Medicaid eligibility processing responsibility from the Kansas Department for Children and Families (DCF) to the Kansas Department of Health and Environment (KDHE), effective January 1, 2016. The ERO also transfers foster care licensing duties from KDHE to DCF, effective July 1, 2015.

The ERO deems, beginning on January 1, 2016, all powers, duties, and functions of the DCF Economic and Employment Services Section that determines eligibility for Medicaid services are transferred to and imposed upon KDHE and the Secretary of Health and Environment. KDHE shall be the successor to the powers, duties, and functions of DCF concerning duties and functions of the DCF Economic and Employment Services Section that determines eligibility for Medicaid services and eligibility for services for state-funded medical services and have the same force and effect as if performed by DCF in which such powers, duties, and functions were vested prior to January 1, 2016. Rules and regulations authority, account balances, property and property rights, and liability regarding Medicaid eligibility will be transferred from DCF to KDHE.

The ERO also deems, beginning on July 1, 2015, all the powers, duties, and functions of the KDHE Division of Public Health, Bureau of Family Health, Child Placing Agency and Residential Facilities Section which licenses and regulates foster care and other residential facilities are transferred to and imposed upon DCF and the Secretary for Children and Families. DCF shall be the successor to the powers, duties, and functions of the Bureau of Family Health, Child Placing Agency and Residential Programs Section and have the same force and effect as if performed by KDHE in which the same powers, duties, and functions were vested prior to July 1, 2015. Rules and regulations authority, account balances, property and property rights, and liability regarding foster care licensing will be transferred from KDHE to DCF.

Any conflict that arises regarding the transfers described above will be resolved by the Governor, whose decision will be final. Finally, the ERO speaks to the status of lawsuits or other proceedings, status of related criminal actions, and other details regarding the transfer of KDHE and DCF officers and employees.

Eligibility Requirements for Temporary Assistance for Needy Families, Child Care Assistance, and Food Assistance; Senate Sub. for HB 2258

Senate Sub. for HB 2258 places the authorization of the Temporary Assistance for Needy Families (TANF) program in statute rather than by rule and regulation, which is the current means used to establish the program. The bill also modifies and creates certain definitions and requirements pertaining to child care, TANF assistance, and food assistance programs. It repeals certain sections of law that authorize the KanWork Act and general assistance. In addition, the bill requires an electronic check for any false information provided on an application for TANF or other programs by the Department for Children and Families (DCF). DCF is required to maintain sufficient staffing to conduct work program case management services in a timely manner.

Definitions

"Assistance" is redefined to include food assistance and not food stamps or coupons; reference to the provision of institutional care also is omitted from the term. "Aid to Families with Dependent Children" (AFDC) is renamed "Temporary Assistance for Needy Families," and the new name replaces AFDC where it appears in law. The uses of TANF are broadened to include meeting the needs of a qualifying caretaker of a dependent child. The definition of "dependent children" omits reference to a child who is deprived of parental or guardian support or care, a full-time student in a vocational or technical program, and expected to complete the training prior to turning 19 years old; the definition makes reference to children in the care of biological or adoptive parents or those persons appointed by a court to provide care. Reference to "blood relative" is omitted from the definition, as well. The bill also repeals the authority of the Secretary for Children and Families (Secretary) to extend by rule and regulation the deprivation of care requirement to children of parents or guardians who have been unemployed.

Definitions for "general assistance" and "transitional assistance" are deleted, and the term "TANF diversion assistance" means a one-time voluntary payment option in lieu of ongoing TANF assistance, designed to meet a crisis that endangers an applicant's ability to remain in or accept employment. A household which has a recipient accepting TANF diversion assistance is ineligible to receive on-going TANF assistance for 12 months following the payment of diversion assistance. The recipient may receive a maximum of 42 months of TANF assistance during a lifetime if the recipient has received a diversion payment. A hardship extension of no more than 12 months may be granted at the discretion of the Secretary.

TANF Assistance and Requirements

On and after January 1, 2017, DCF is required to conduct an electronic check for false information on an application for TANF and other benefits programs administered by DCF.

General eligibility for federal assistance is revised to include reference to cohabiting partners in addition to a husband and wife living together. The husband and wife, or cohabiting partners, are required to register for work in accordance with criteria set by the Secretary by rule and regulation. A family group is ineligible for TANF if one household member has received the maximum number of months of TANF assistance under state law. When determining eligibility for federally funded assistance, the Secretary considers the equity owned in any boat, personal water craft, recreational vehicle, or all-terrain vehicle, as those terms are defined by law. An additional motor vehicle used by the applicant or the applicant's spouse or cohabiting partner for the primary purpose of making income may be considered exempt personal property at the discretion of the Secretary. Currently, the Secretary must consider the value of additional motor vehicles owned; one vehicle may be exempted as personal property.

All adults applying for TANF are required to complete a work program assessment as specified by DCF. This includes adults who were previously disqualified or denied TANF due to non-cooperation (which the bill defines), drug testing, or fraud. Adults who are ineligible aliens or receiving Supplemental Security Income are not required to complete the assessment process. An adult is exempt from the work program assessment if the applicant can demonstrate:

- An existing certification verifying completion of the work program assessment;

- A valid offer of employment or is employed a minimum of 20 hours a week;
- The individual is a parenting teen without a GED or high school diploma;
- Enrollment in Job Corps;
- Working with a refugee social services agency; or
- Completion of the work program assessment within the past 12 months.

Recipients are limited over a lifetime to receiving 36 months of TANF assistance. The bill allows for hardship assistance during an additional 12 months if the Secretary finds the recipient to be:

- The caretaker of a disabled family member living in the household;
- Disabled, which precludes long-term employment or requires substantial rehabilitation;
- Requiring to overcome the effects of domestic violence or sexual assault;
- Involved with prevention and protection services and has an open social service plan; or
- Experiencing an extreme hardship, as determined by an executive review team.

In order to meet mandatory work participation requirements, households are required to work at least 30 hours per week, which includes 20 hours of primary components and 10 hours of secondary components in one-parent households where the youngest child is six years of age or older. In two-parent households, participation hours are 55 hours, with 35 hours per week if child care is not used. The maximum assignment per week per individual is 40 hours.

To meet federal work participation requirements, the following work participation is required:

- For two-parent families:
    - Both parents are required to participate in a combined total of 55 hours per week, 50 hours of which must be in primary components; or
    - One or both parents may be assigned a combined total of 35 hours per week, including 30 hours of primary components, if child care paid by DCF is not provided.
- For single-parent families with a child under the age of 6, the parent is required to engage in work or work activities for at least 20 hours per week in a primary work component.

Primary components include full- or part-time employment, apprenticeship, work study, self-employment, Job Corps, subsidized employment, work experience sites, on-the-job training, supervised community service, vocational education, and job search and readiness. Secondary components include job skills training, education directly related to employment, and completion of a GED or high school diploma.

A parent or other caretaker with a child less than three months of age is not required to engage in work participation. The three-month limitation does not apply to a parent or other caretaker personally providing care for a child born significantly prematurely, with serious medical conditions or with a disability as defined by the Secretary, in consultation with the Secretary of Health and Environment, and adopted in rules and regulations. Under certain conditions, the exemption from work participation for caring for a child under three months may not apply.

Work experience placements are reviewed after 90 days and are limited to six months per 48-month lifetime limit. However, client progress is reviewed prior to each placement. TANF participants with disabilities are required to engage in employment activities to the maximum extent consistent with their abilities.

If a TANF participant or a recipient for child care subsidies engages in non-cooperation, which the bill defines, the penalty for the first instance is for three months; for a second penalty, six months; for a third penalty, one year; and for a fourth or subsequent penalty, ten years. Individuals who have not cooperated without good cause with child support services are ineligible to participate in the food assistance program. If an individual is found to have committed TANF or child care fraud or found guilty of theft on or after July 1, 2015, all adults in the family unit are ineligible for TANF assistance for a lifetime. In that case, households are required to name a protective payee, which the Secretary approves, to receive TANF payments or food assistance on behalf of the children.

No TANF cash assistance is available for use to purchase alcohol, cigarettes, tobacco products, lottery tickets, concert tickets, professional or collegiate sporting event tickets, tickets for other entertainment events intended for the general public, or sexually oriented adult materials. No TANF cash assistance is allowed for use in a liquor store, casino, gaming establishment, jewelry store, tattoo or body piercing parlor, spa, massage parlor, nail salon, lingerie shop, tobacco paraphernalia store, vapor cigarette store, psychic or fortune telling business, bail bond company, video arcade, movie theater, swimming pool, cruise ship, theme park, dog or horse racing facility, parimutuel facility, or an adult sexually oriented retail business or entertainment establishment.

A photograph of a recipient on a Kansas benefits card issued by DCF, which is used to obtain food, cash, or other services, is to be placed on the benefits card only if agreed to by the recipient. If the recipient is a minor or otherwise incapacitated individual, a parent or guardian's photograph may be used instead. TANF cash assistance transactions using automated teller machines are limited to one $25 transaction per day. No TANF cash assistance may be used for purchases at points of sale outside of the state. A benefits card with the recipient's photograph is a valid form of identification for voting purposes.

Child Care Assistance

The Secretary is required to adopt rules and regulations in determining the eligibility for the child care subsidy program and non-TANF child care support. DCF provides child care support, for a lifetime maximum of 24 months per adult, to persons studying for degrees or certification that have an average job outlook, as reported by the U.S. Bureau of Labor Statistics. Other educational pursuits require the discretionary approval of the Secretary. Students are required to work for a minimum of 15 hours per week; in a two-parent adult household, child care support is not provided if both are exclusively going to school at the same time.

Food Assistance

Food stamps are renamed food assistance, and eligibility is limited to citizens and qualified non-citizens as determined by the U.S. Department of Agriculture (USDA). Non-citizens who are unwilling or unable to provide documentation, as defined by USDA, are not included in their household's size when benefits are calculated. No funds from federal or state sources are to be used for promoting food assistance. The Secretary is prohibited from requesting or implementing a food assistance waiver from USDA for able-bodied adults. The Secretary also is prohibited from enacting the state option from the USDA for broad-based categorical eligibility for households applying for food assistance. The Secretary is not permitted to apply gross income standards for food assistance higher than the standards specified by federal law.

Any person convicted on or after July 1, 2015, of a felony involving controlled substances or their analogs is disqualified permanently from receiving food assistance. Individuals are eligible for food assistance if they enroll and participate in a drug treatment program approved by the Secretary. Individuals must submit to drug testing, if requested by DCF pursuant to a drug-testing plan. Failure to submit to a drug test or pass it results in ineligibility for food assistance until the individual complies with the drug treatment plan approved by the Secretary. The drug treatment plan exception does not apply to any individual convicted on or after July 1, 2015, of a second or subsequent felony involving controlled substances or their analogs.

Other Provisions

The eligibility requirements for general assistance funded by non-federal sources are repealed. The bill also repeals the requirement for a list of all recipients' names and addresses be made available to the public. Any statistics collected are to be reported in an aggregate, non-identifying nature. The Secretary is authorized to negotiate debts or liabilities owed to the agency for purposes of providing Title IV-D child support enforcement services.

Creation of Kansas Transportation Network Company Services Act; House Sub. for SB 117

House Sub. for SB 117 creates the Kansas Transportation Network Company Services Act (Act). The bill defines applicable terms; regulates transportation network companies (TNCs); establishes the responsibilities, requirements, and rights of the parties involved in prearranged rides; establishes automobile insurance coverage requirements for TNC drivers and vehicle owners, when applicable, and specifies when the coverage applies; provides for allowable insurance exclusions; provides for the protection of lienholder interests; and provides for driver background checks to be conducted by the Kansas Bureau of Investigation (KBI). Additional bill details follow.

Definitions

The bill defines the following terms:

- "Transportation network company" or "TNC" means a corporation, partnership, sole proprietorship or other entity that is licensed pursuant to this act and operating in Kansas that uses a digital network to connect TNC riders to TNC drivers who provide prearranged rides. A TNC is not deemed to control, direct or manage the personal vehicles or TNC drivers that connect to its digital network, except where agreed to by written contract;

- "Personal vehicle" means a vehicle that is used by a TNC driver in connection with providing a prearranged ride and is:
    - Owned, leased, or otherwise authorized for use by the TNC driver; and
    - Not a taxicab, limousine, or for-hire vehicle.

- "Digital network" is defined as any online-enabled application, software, website, or system offered or utilized by a TNC that enables the prearrangement of rides with TNC drivers;

- "Prearranged ride" means the provision of transportation by a driver to a rider that begins when a driver accepts a ride requested by a rider through a digital network controlled by a TNC, continues through the transportation of a requesting rider, and ends when the last requesting rider departs from the personal vehicle. Transportation by taxi, limousine, or other for-hire vehicle is not included;

- "TNC driver" or "driver" is an individual who:
    - Receives connections to potential passengers and related services from a TNC in exchange for payment of a fee to the TNC;
    - Uses a personal vehicle to provide services for riders matched through a digital network controlled by a TNC; and

- Receives, in exchange for providing the passenger a ride, compensation that exceeds the individual's cost to provide the ride;

- "TNC rider" or "rider" is an individual who uses or persons who use a TNC's digital network to connect with a TNC driver for prearranged rides to the rider in the driver's personal vehicle between points chosen by the rider; and

- "Vehicle owner" is the owner of a personal vehicle.

TNC Requirements

Exclusion as Motor Carrier, Taxicab, For-Hire, or Commercial Vehicle

TNCs or drivers meeting the requirements of the Act are not considered motor carriers, private motor carriers, or public motor carriers of passengers, nor determined to provide taxicab or for-hire vehicle service. A driver is not required to register a personal vehicle used for prearranged rides as a commercial or for-hire vehicle.

Agent for Service

The TNC is required to maintain an agent for service in the state.

Disclosures to Rider

A TNC is required to provide the rider with the following:

- Fare calculation method, disclosed on its digital network, for any fare charged;

- Applicable rates being charged;

- The option to receive an estimated fare before the rider enters the driver's personal vehicle;

- Driver's picture and the license plate number of the personal vehicle used for providing prearranged rides, displayed on the TNC's digital network, prior to the rider entering the driver's vehicle; and

- An electronic receipt, within a reasonable time after completion of a trip, that lists the following information regarding the trip:

  - Origin and destination;
  - Total time and distance; and
  - An itemization of the total fare paid, if any.

Automobile Insurance Requirements

On and after January 1, 2016, a TNC driver or vehicle owner or TNC on the driver's behalf is required to maintain primary automobile insurance that recognizes the driver is a TNC driver and covers the driver while logged on to the TNC's digital network, engaged in a prearranged ride, or transporting a passenger for compensation.

The coverage requirements for Periods 1 and 2, as described below, are satisfied by automobile insurance maintained by the TNC driver or vehicle owner or by the TNC, or by a combination of both.

Period 1

While a TNC driver is logged on to the digital network and available to receive transportation requests but not engaged in a prearranged ride, the following automobile insurance requirements apply:

- Primary automobile insurance of at least $50,000 for death and bodily injury per person and $100,000 per incident, and $25,000 for property damage; and

- Primary automobile liability insurance that meets the minimum coverage requirements where required by statutes relating to uninsured and underinsured motorist coverage and motor vehicle liability insurance coverage.

Period 2

While a TNC driver is engaged in a prearranged ride, the following automobile insurance requirements apply:

- Primary automobile insurance that provides at least $1,000,000 for death, bodily injury, and property damage; and

- Primary automobile liability insurance that meets the minimum coverage requirements where required by statutes relating to uninsured and underinsured motorist coverage and motor vehicle liability insurance coverage.

If the insurance maintained by the driver or vehicle owner, as described in Periods 1 and 2 above, has lapsed or does not provide the required coverage, the insurance maintained by the TNC provides the coverage required beginning with the first dollar of a claim, and the TNC has the duty to defend the claim. Coverage by an automobile insurance policy maintained by the TNC does not depend on a personal automobile insurer first denying a claim, nor is a personal automobile insurance policy required to first deny a claim.

The bill provides that the required insurance may be placed with an insurer licensed under state law, or with an eligible surplus lines insurer. Insurance meeting the requirements of the Act is deemed to satisfy the financial responsibility requirement for a personal vehicle under the Kansas Automobile Injury Reparations Act.

At all times during the use of a vehicle in connection with a TNC's digital network, the driver is required to carry proof of insurance meeting the requirements of the Act. In the event of an accident and upon a request pursuant to statutes relating to insurance verification, the driver is required to provide to the directly interested parties, automobile insurers, and investigating police officers the insurance coverage information and whether the driver was logged on the digital network or on a prearranged ride at the time of the accident.

TNC Required Disclosure to Driver

The following information is required to be disclosed in writing by the TNC to the driver before the driver is allowed to accept a request for a prearranged ride on the digital network:

- Insurance coverage, including the types of coverage and limits for each coverage, provided by the TNC to the driver using a personal vehicle in connection with the digital network; and

- Notice that the driver's own automobile insurance policy, depending on its terms, might not provide any coverage while the driver is logged on to the digital network and available to receive transportation requests or is engaged in a prearranged ride (Periods 1 and 2).

Insurers' Allowable Exclusions

Insurers writing automobile insurance in the state are allowed to exclude any and all coverage under the driver's or vehicle owner's insurance policy for any loss or injury occurring while the driver is logged on to a TNC's digital network or providing a prearranged ride. The bill provides a list of the coverage included in the automobile insurance policy an insurer is allowed to exclude. The exclusions apply regardless of any requirement under the Kansas Automobile Injury Reparations Act.

The bill clarifies the Act does not imply or require a personal automobile insurance policy to provide coverage while the driver is logged on to a digital network, engaged in a prearranged ride, or otherwise using a vehicle to transport passengers for compensation. An insurer is allowed to provide coverage for the TNC driver's vehicle, if the provider chooses to do so by contract or endorsement.

Automobile insurers excluding coverage as permitted under the bill have no duty to defend or indemnify any claim expressly excluded. The Act is not deemed to invalidate or limit an exclusion contained in a policy. An automobile insurer defending or indemnifying a claim against a driver excluded under the terms of its policy, as allowed under the Act, has the right of contribution against other insurers providing automobile insurance to the same driver in satisfaction of the required coverage under the automobile insurance requirements portions of the Act (specifically Section 8), at the time of loss.

In a claims coverage investigation, the bill requires TNCs and any insurer potentially providing coverage under the Act's automobile insurance requirements to cooperate to facilitate the exchange of relevant information with directly involved parties and any insurer of the TNC driver if applicable, including precise times the driver logged on and off the digital network in the 12-hour period immediately preceding and the 12-hour period immediately following the

accident and to disclose to one another a clear description of the coverage, exclusions, and limits provided under any automobile insurance maintained under the Act.

TNC Requirements of Driver

Zero Tolerance Policy on Use of Drugs or Alcohol

The TNC is required to implement a zero tolerance policy on the use of drugs or alcohol while a driver is providing a prearranged ride or logged into the digital network, but not providing a prearranged ride. The TNC is required, on its website, to provide notice of the zero tolerance policy and procedures for a rider to report a complaint about a driver with whom the rider is matched and reasonably suspects was under the influence of drugs or alcohol during the course of the trip.

Upon receipt of a complaint regarding an alleged violation of the zero tolerance policy, the TNC is required to immediately suspend the driver's access to the digital network and to conduct an investigation. The suspension lasts the duration of the investigation. The TNC is required to maintain records pertaining to the enforcement of the zero tolerance policy for at least two years from the date of receipt of a passenger complaint.

Driver Requirements

Requirements Prior to Acting as TNC Driver

The TNC is required to take the following actions prior to allowing an individual to act as a driver on its digital network:

- Require the individual to submit an application to the TNC, including information regarding the applicant's address, age, driver's license, driving history, motor vehicle registration, automobile liability insurance, and other information required by the TNC;

- Obtain a local and national criminal background check on the individual, conducted by the KBI as outlined in the bill:

    - The Attorney General is required to release fingerprints to the KBI for the purpose of conducting criminal history records checks, utilizing the files and records of the KBI and the Federal Bureau of Investigation; and

    - Each individual is subject to a state and national criminal history records check which conforms to applicable federal standards for the purpose of verifying the identity of the individual and whether the individual has been convicted of any crime that disqualifies the individual from being a TNC driver;

- Obtain and review the applicant's driving history research report; and

- If the individual's personal vehicle is subject to a lien, require the individual to provide proof to the lienholder and to the TNC of comprehensive and collision

insurance coverage on the vehicle that covers the period when the individual is logged on to a TNC's digital network but not engaged in a prearranged ride (Period 1) and when the individual is engaged in a prearranged ride (Period 2).

The bill provides for conditions under which a TNC is not allowed to permit an individual to act as a driver on its digital network. One such condition is the driver is not at least 19 years of age.

Other Driver Requirements

The bill requires the motor vehicle used by a driver to provide prearranged rides to meet the equipment requirements applicable to private motor vehicles under the state Uniform Act Regulating Traffic. The driver is allowed to provide only prearranged rides and is not allowed to solicit or accept street hails.

TNC Policy Prohibiting Solicitation or Acceptance of Cash Payments

The TNC is required to adopt a policy prohibiting solicitation or acceptance of cash payments from riders and notify the drivers of the policy, and the drivers are required to follow the policy. Only electronic payments using the TNC's digital network are allowed.

TNC Policy of Non-Discrimination

The TNC is required to adopt a policy of non-discrimination with respect to riders and potential riders and notify the drivers of the policy. The drivers are required to comply with all applicable laws regarding non-discrimination against riders or potential riders and relating to accommodation of service animals. The driver is not allowed to impose additional charges for providing services to individuals with physical disabilities because of those disabilities.

The TNC is required to provide riders an opportunity to indicate the need for a wheelchair-accessible vehicle. If a TNC cannot arrange wheelchair-accessible TNC services, it is required to direct the rider to an alternate provider of such service, if available.

TNC Records Maintenance

The TNC is required to maintain individual trip records for at least one year from the date the trip is provided. In addition, the TNC is required to maintain driver records at least until the one-year anniversary of the date on which the driver's activation on the digital network ends.

Confidentiality of Rider Information

The TNC is prohibited from disclosing a rider's personally identifiable information to a third party unless the rider consents or a legal obligation to disclose exists, or disclosure is required to protect or defend the terms of the use of the service or to investigate violations of the terms. The TNC is allowed to share a rider's name or telephone number with the driver providing prearranged rides for the purpose of facilitating correct identification of the rider or communication between the rider and the driver.

Lienholders' Interest

Before the drivers are allowed to accept requests for TNC services on the TNC's digital network or software application, a TNC is required to disclose the following to its drivers in the prospective TNC drivers' written terms of service: "If the vehicle you plan to use to provide transportation network services has a lien against it, using the vehicle for transportation network company services may violate the terms of your contract with the lienholder."

Payment made by a TNC's insurer for a claim covered under comprehensive coverage or collision coverage is required to be made directly to the business repairing the vehicle or jointly to the owner of the vehicle and the primary lienholder on the covered vehicle. The Commission is not allowed to assess any fines as a result of a violation of this requirement.

The bill takes effect upon publication in the *Kansas Register.*

Highway and Bridge Designations; Provisions Relating to Signage; SB 127

SB 127 requires the Secretary of Transportation, before placing any signs commemoratively designating any road, highway, bridge, interchange, or trail, to receive sufficient money from gifts and donations to cover the costs of placing such signs plus an additional 50 percent of the initial cost to defray future maintenance or replacement costs. The Secretary is authorized to accept gifts and donations toward those costs.

The bill also designates four portions of highway and one bridge:

- The 2nd Lieutenant Justin L Sisson Memorial Highway, a portion of U.S. 69 in Johnson County that begins at 135th Street and continues to 167th Street (2nd Lieutenant Sisson, decorated for his military service, was killed in action in Afghanistan in June 2013.);

- The George Ablah Expressway, on K-96, from the junction of K-96 and I-35, east to the junction of K-96 and Rock Road, in Sedgwick County. (Mr. Ablah was a successful businessman who donated land to Wichita.) The bill removes from that portion of K-96 the designation of Bonnie Huy Memorial Highway. The portion of K-96 from the junction of K-96 and Rock Road in Sedgwick County, east to the junction with I-35 is designated as the Bonnie Huy Memorial Highway;

- The Kenneth W Bernard Memorial Highway, on K-7 in Lansing. (Mr. Bernard was the Mayor of Lansing for 29 years before retiring in January 2013.) The bill removes from that portion of K-7 the designation of the Amelia Earhart Memorial Highway. The portion of K-7 north to the southern city limits of Lansing, then north from the northern city limits of Lansing to the eastern junction with US-159 is designated as the Amelia Earhart Memorial Highway;

- The Clay County Vietnam Veterans Bridge, bridge No. 14(030) on K-15 in Clay County; and

- The Bert Cantwell Memorial Interchange, the junction of interstate highway 70 and 110th street in Wyandotte County. (Mr. Cantwell served as the Sheriff of

Wyandotte County, U.S. Marshal for the district of Kansas, Superintendent of the Kansas Highway Patrol, and President of the Kansas City, Kansas, Chamber of Commerce.)

The provisions related to payments for signs applies to the new designations.

NUMERICAL INDEX OF BILLS

House Bills and Resolutions

Bill	Page	Bill	Page
Senate Sub. for HB 2101	15	Senate Sub. for HB 2258	16

Senate Bills and Resolutions

Bill	Page	Bill	Page
House Sub. for SB 36	1	SB 156	1
House Sub. for SB 117	21	SB 228	4
SB 124	5	SB 240	6
SB 127	27		

Executive Reorganization Orders

ERO 43 16