

HOUSE BILL No. 2591

AN ACT concerning financial institutions; relating to the oversight and regulation of such institutions and certain transactions performed by such institutions; authorizing financial institutions to report suspected financial exploitation of an adult account holder to a designated agency, notify any adult designated as a trusted contact by such account holder of suspected financial exploitation and place a temporary hold on certain transactions or disbursements; limiting liability in any civil or criminal action for taking such actions or choosing not to take such actions; enacting the virtual currency kiosk consumer protection act; providing definitions; establishing requirements for virtual currency kiosk operators; relating to certain disclosures, transaction receipts, fraud detection and prevention, live customer service, kiosk location reporting, money transmission licensure and refunds; imposing certain limits on virtual currency kiosk transaction amounts and charges; authorizing the attorney general and any law enforcement agency to investigate reports of fraudulent money transmission and report to the state bank commissioner; prohibiting the office of the state bank commissioner or any other state agency from becoming a receiver for a technology-enabled fiduciary financial institution that becomes insolvent or declares bankruptcy; providing that earned wage access service registrants are subject to the provisions of the Kansas financial institutions information security act; eliminating certain stipulations relating to the payment of negotiable instruments on Saturday afternoons or holidays; amending K.S.A. 2025 Supp. 9-551, 9-555, 9-556, 9-558, 9-572, 9-589 and 9-2301 and repealing the existing sections; also repealing K.S.A. 52-717.

Be it enacted by the Legislature of the State of Kansas:

New Section 1. As used in sections 1 through 5, and amendments thereto:

- (a) "Adult" means any person 18 years of age or older.
- (b) "Bank holding company" means the same as defined in K.S.A. 9-519, and amendments thereto.
- (c) "Designated agency" means:
 - (1) Any law enforcement agency with jurisdiction over the matter;or
 - (2) the Kansas department for children and families.
- (d) "Financial exploitation" means the unlawful or improper use, control or withholding of an adult's property, income, resources or trust funds by any other person or entity in a manner that is not for the profit of or to the advantage of the adult. "Financial exploitation" includes, but is not limited to, the:
 - (1) Breach of a fiduciary duty, including, but not limited to, the misuse of a power of attorney, trust or a guardianship or conservatorship appointment, as it relates to the property, income, resources or trust funds of the adult;
 - (2) unauthorized use of an adult's personal identifying information, financial documents or access devices;
 - (3) use of deception, intimidation, coercion, extortion or undue influence by a person or entity to obtain control over or use an adult's property, income, resources or trust funds in a manner that is for the profit of or to the advantage of such person or entity; or
 - (4) use of fraud, false pretense or misrepresentation for personal gain at the expense of the adult.
- (e) "Financial institution" means a bank, savings bank, savings and loan association, trust company, credit union or any similar institution chartered and supervised under state or federal law.
- (f) "Trusted contact" means any adult designated by an adult account holder whom a financial institution may contact in the event of suspected financial exploitation of such account holder.

New Sec. 2. (a) A financial institution may, in good faith and with reasonable cause, report any suspected financial exploitation of an adult account holder to a designated agency.

(b) A report may be made orally or in writing and shall include the information reasonably necessary to assist the designated agency in investigating the suspected financial exploitation.

(c) The provisions of this section shall not affect the reporting requirements in K.S.A. 39-1402 or 39-1431, and amendments thereto.

New Sec. 3. (a) A financial institution may, in good faith, notify a trusted contact of an adult account holder of suspected financial exploitation, unless the institution reasonably believes that the trusted contact has committed or attempted financial exploitation of the adult

account holder.

(b) When providing information pursuant to this section, a financial institution may disclose that the financial institution has reasonable cause to suspect that the adult account holder is a victim or target of financial exploitation without disclosing any other details or confidential personal information regarding the financial affairs of the adult account holder.

(c) Nothing in this section shall be construed to provide a trusted contact who is notified pursuant to this section with the authority to take any action on behalf of an adult account holder.

New Sec. 4. (a) (1) Except as provided in paragraph (2), if a financial institution makes a report pursuant to section 2, and amendments thereto, and such institution reasonably believes that the reported transaction or disbursement may further the financial exploitation of an adult account holder, such institution may, with management approval, place a temporary hold on such reported transaction or disbursement from such adult's account for up to 10 business days.

(2) A temporary hold shall not be based solely on the:

(A) Age or perceived vulnerability of the adult account holder;

(B) size, frequency or timing of the transaction or disbursement;

or

(C) adult account holder's refusal to provide additional information related to the transaction or disbursement.

(3) The provisions of this subsection shall not affect a financial institution's other rights or obligations under contract or other law.

(b) The financial institution may extend a hold placed on any transaction under subsection (a) for a period of not to exceed 30 business days after the expiration of the period prescribed by subsection (a) if requested by a state or federal agency or a law enforcement agency investigating the suspected financial exploitation. The financial institution may also petition a court to extend a hold placed on any transaction under subsection (a) beyond the period prescribed by this subsection.

New Sec. 5. (a) A financial institution or bank holding company, or any officer, employee or agent thereof, that in good faith and with reasonable cause takes any of the following actions shall not be liable in any civil or criminal action, including claims of negligence, breach of fiduciary duty, breach of privacy or any other claim under state law, arising from the following actions:

(1) Reporting any suspected financial exploitation of an adult account holder to a designated agency pursuant to section 2, and amendments thereto;

(2) notifying a trusted contact of an adult account holder of suspected financial exploitation pursuant to section 3, and amendments thereto; or

(3) placing or continuing a temporary hold on a transaction or disbursement from an adult's account pursuant to section 4, and amendments thereto.

(b) A financial institution or bank holding company, or any officer, employee or agent thereof, that in good faith and without gross negligence chooses not to take an action described in subsection (a) shall not be liable in any civil or criminal action, including claims of negligence, breach of fiduciary duty, breach of privacy or any other claim under state law, arising from such inaction.

(c) The immunity from liability provided in this section shall extend to participation in any judicial or administrative proceeding resulting from a report or decision made pursuant to sections 1 through 4, and amendments thereto.

New Sec. 6. (a) The provisions of sections 6 through 11, and amendments thereto, shall be known and may be cited as the virtual currency kiosk consumer protection act, and shall be a part of and supplemental to the Kansas money transmission act.

(b) This section shall take effect on and after July 1, 2026.

New Sec. 7. (a) As used in this act:

(1) "Act" means the virtual currency kiosk consumer protection act.

(2) "Blockchain" means a distributed digital ledger or database that is chronological, consensus-based, decentralized and mathematically verified in nature.

(3) "Blockchain analytics" means a software service that uses data from various virtual currencies and such currencies' applicable blockchains to provide a risk rating specific to digital wallet addresses from users of virtual currency kiosks.

(4) "Digital wallet" means hardware or software that enables individuals to store and use virtual currency.

(5) "Digital wallet address" means an alphanumeric identifier representing a destination on a blockchain for a virtual currency transfer that is associated with a digital wallet.

(6) "Initial virtual currency transaction" means the first transaction that a virtual currency operator facilitates in the exchange of money for virtual currency or virtual currency for money or other virtual currency with a person in Kansas.

(7) "Virtual currency" means a digital representation of value that:

(A) Is used as a medium of exchange, unit of account or store of value;

(B) is not money, whether or not denominated in money; and

(C) does not include a:

(i) Transaction in which a merchant grants, as part of an affinity or rewards program, value that cannot be taken from or exchanged with the merchant for money, bank credit or virtual currency; or

(ii) digital representation of value issued by or on behalf of a publisher and used solely within an online game, game platform or family of games sold by the same publisher or offered on the same game platform.

(8) "Virtual currency kiosk" means an electronic terminal owned, rented or leased by a virtual currency kiosk operator that enables the operator to facilitate the exchange of money for virtual currency or virtual currency for money or other virtual currency with a person in Kansas, including, but not limited to:

(A) Connecting directly to a separate virtual currency exchange that performs the actual virtual currency transmission; or

(B) drawing upon the virtual currency in the possession of the owner or operator of the electronic terminal.

(9) "Virtual currency kiosk operator" means a person who owns, rents or leases a virtual currency kiosk and engages in virtual currency transactions at a physical location within this state.

(b) This section shall take effect on and after July 1, 2026.

New Sec. 8. (a) Prior to entering into an initial virtual currency transaction for, on behalf of or with a person in Kansas, each virtual currency kiosk operator shall disclose in clear, conspicuous and legible writing in the English language, whether in accessible terms of service or elsewhere, all material risks associated with such virtual currency kiosk operator's products, services and activities and virtual currency, generally, including disclosures substantially similar to the following:

(1) Virtual currency is not legal tender and is not backed or insured by the government;

(2) legislative and regulatory changes or actions at the state, federal or international level may adversely affect the use, transfer, exchange and value of virtual currency;

(3) transactions in virtual currency may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable;

(4) some virtual currency transactions shall be deemed to be made when recorded on a public ledger that is not necessarily the date or time that you initiate the transaction;

(5) the value of virtual currency may be derived from the continued willingness of market participants to exchange money for

virtual currency, which may result in the potential for permanent and total loss of value of a particular virtual currency should the market for that virtual currency disappear;

(6) there is no assurance that a person who accepts a virtual currency as payment today will continue to do so in the future;

(7) the volatility and unpredictability of the price of virtual currency relative to the United States dollar may result in significant loss over a short period of time;

(8) the nature of virtual currency may lead to an increased risk of fraud or cyber attack;

(9) the nature of virtual currency means that any technological difficulties experienced by the virtual currency kiosk operator may prevent the access or use of your virtual currency; and

(10) any bond or trust account maintained by the virtual currency kiosk operator for the benefit of such operator's customers may not be sufficient to cover all losses incurred by customers.

(b) When opening an account, and prior to entering into an initial virtual currency transaction for, on behalf of or with such person in Kansas, each virtual currency kiosk operator shall disclose in clear, conspicuous and legible writing in the English language, whether in accessible terms of service or elsewhere, all relevant terms and conditions associated with such virtual currency kiosk operator's products, services and activities and virtual currency, generally, including disclosures substantially similar to the following:

(1) The person's liability for unauthorized virtual currency transactions;

(2) under what circumstances the virtual currency kiosk operator will, absent a court or government order, disclose the person's information to third parties;

(3) the person's right to receive periodic account statements and valuations from the virtual currency kiosk operator;

(4) the person's right to receive a receipt, trade ticket or other evidence of a transaction;

(5) the person's right to prior notice of a change in the virtual currency kiosk operator's rules or policies; and

(6) such other disclosures as are customarily given in connection with the opening of accounts.

(c) Prior to entering into each virtual currency transaction with a person in Kansas, each virtual currency kiosk operator shall ensure that a warning is clearly and conspicuously disclosed on the screen, that shall be acknowledged by tapping the screen or similar manner, and by email, in at least 12-point or the largest available font size that is substantially similar to the following, including bold and capitalization:

WARNING: CONSUMER FRAUD OFTEN STARTS WITH CONTACT FROM A STRANGER WHO IS INITIATING A DISHONEST SCHEME. CRIMINAL ACTIVITY MAY APPEAR IN MANY FORMS, INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING:

1. Impersonating a family member or friend while claiming to be in financial or criminal trouble.

2. Communication from someone impersonating a representative of your financial institution or a law enforcement officer.

3. Claims of a frozen bank account or credit card.

4. Claims of fraudulent financial transactions.

5. Claims of identity theft or job offers in exchange for payment.

6. Requests for payment to government agencies or companies.

7. Requests for disaster relief donations or loans.

8. Offers to purchase tickets for lotteries, sweepstakes or drawings for vehicles.

IF YOU BELIEVE YOU ARE BEING SCAMMED, CONTACT YOUR LOCAL LAW ENFORCEMENT.

(d) Upon completion of any virtual currency kiosk transaction, each virtual currency kiosk operator shall provide to the person in Kansas a receipt containing the following information:

(1) The name and contact information of the virtual currency kiosk operator, including a telephone number established by the virtual currency kiosk operator to answer questions and register complaints;

(2) the type, value, date and precise time of the transaction in the local time zone;

(3) the fee charged;

(4) the exchange rate, if applicable;

(5) the difference, if any, between the exchange rate and the market rate of any virtual currency involved in the transaction realized by the person in Kansas if the difference represents a decrease in value. The difference shall be expressed in the equivalent United States dollar and labeled as a "spread fee";

(6) a statement of the liability of the virtual currency kiosk operator for non-delivery or delayed delivery;

(7) a statement of the refund policy of the virtual currency kiosk operator in compliance with section 7, and amendments thereto; and

(8) the complete wallet address where money or virtual currency is deposited or sent.

(e) The receipt required by subsection (d) shall be provided in paper form if the virtual currency kiosk operator first placed a virtual currency kiosk into service in Kansas on or after July 1, 2026. If a virtual currency kiosk was placed into service before July 1, 2026, the virtual currency kiosk operator shall provide a paper or digital receipt. All digital receipts shall require a clicked acknowledgment that the consumer has provided such consumer's email address.

(f) If the virtual currency kiosk provider agrees to conduct the transaction in Spanish, all disclosures required by this section shall also be provided in Spanish. In lieu of the disclosure required by subsection (c), the virtual currency kiosk provider shall ensure that a warning is clearly and conspicuously disclosed on the screen, that shall be acknowledged by tapping the screen or similar manner, and by email in at least 12-point or the largest available font size that is substantially similar to the following, including bold and capitalization:

ADVERTENCIA: EL FRAUDE AL CONSUMIDOR FRECUENTEMENTE COMIENZA CON EL CONTACTO DE UN EXTRAÑO QUE ESTÁ INICIANDO UN PLAN DESHONESTO. LA ACTIVIDAD CRIMINAL PUEDE APARECER DE MUCHAS FORMAS, INCLUYENDO, PERO NO LIMITADO, A LAS SIGUIENTES:

1. Hacerse pasar por un familiar o amigo mientras afirma estar en problemas financieros o criminales.

2. Comunicación de alguien que se hace pasar por un representante de su institución financiera o una agente policiaca.

3. Afirmaciones de cuenta bancaria o tarjeta de crédito congelada.

4. Afirmaciones de transacciones financieras fraudulentas.

5. Afirmaciones de robo de identidad u ofertas de trabajo a cambio de un pago.

6. Solicitudes de pago a agencias o empresas gubernamentales.

7. Solicitudes de donaciones o préstamos para ayuda en casos de desastre.

8. Ofertas para la compra de billetes de loterías, sorteos o sorteos de vehículos.

SI CREES QUE ESTÁS SIENDO ESTAFADO, COMUNÍQUESE CON LA POLICÍA LOCAL.

(g) Each virtual currency kiosk operator shall retain evidence of disclosures as required by this section for three years in addition to all other retention requirements of K.S.A. 2025 Supp. 9-578, and amendments thereto.

(h) The disclosures required by this section are intended to serve as warnings to users who may be conducting a virtual currency kiosk transaction as a result of a scam. Such disclosures shall not affect or prevent a fraud victim's ability to be eligible for a refund.

(i) This section shall take effect on and after July 1, 2026.

New Sec. 9. (a) All virtual currency kiosk operators shall use

blockchain analytics software to assist in the prevention of sending purchased virtual currency from a virtual currency kiosk operator to a digital wallet known to be affiliated with fraudulent activity at the time of a transaction. The commissioner may request evidence from any virtual currency kiosk operator of current and historical use of blockchain analytics. The virtual currency kiosk operator shall be held harmless if such virtual currency kiosk operator refuses to complete a transaction based upon the knowledge or a credible suspicion that a digital wallet in the transaction is affiliated with fraudulent activity.

(b) All virtual currency kiosk operators performing business in this state shall provide live customer service during kiosk operating hours. The customer service toll-free number shall be displayed on the virtual currency kiosk or the virtual currency kiosk screens. The customer service toll-free number shall be staffed by trained individuals who are employed by or on behalf of the virtual currency kiosk operator and who provide customer assistance to a caller in real time.

(c) All virtual currency kiosk operators shall take reasonable steps to detect and prevent fraud, including establishing and maintaining a written anti-fraud policy. The anti-fraud policy shall, at a minimum, include:

- (1) The identification and assessment of fraud-related risk areas;
- (2) procedures and controls to protect against identified risks;
- (3) allocation of responsibility for monitoring risks; and
- (4) procedures for the periodic evaluation and revision of the anti-fraud procedures, controls and monitoring mechanisms.

(d) (1) Each virtual currency kiosk operator shall maintain, implement and enforce a written enhanced due diligence policy. Such a policy shall be reviewed and approved by the virtual currency kiosk operator's board of directors or an equivalent governing body of the virtual currency kiosk operator.

(2) The enhanced due diligence policy shall identify, at a minimum, individuals who are at risk of fraud based on age or mental capacity.

(e) Each virtual currency kiosk operator shall designate and employ a consumer protection officer with the following requirements:

(1) The individual shall be qualified to coordinate and monitor compliance with this section and all other applicable federal and state laws, rules and regulations;

(2) the individual shall be employed full time by the virtual currency kiosk operator;

(3) the designated consumer protection officer shall not be an individual who owns more than 20% of the virtual currency kiosk operator by which the individual is employed; and

(4) the designated consumer protection officer shall have a direct dedicated telephone number outside of any call routing system and an email address for facilitating law enforcement and regulatory agency communications.

(f) (1) Each virtual currency kiosk operator shall submit a report to the commissioner, including the location of each virtual currency kiosk within this state, within 45 days of the end of each calendar quarter in the form and manner directed by the commissioner.

(2) The location report of such virtual currency kiosk shall include, at a minimum:

- (A) The legal name of the company;
- (B) any fictitious or trade name;
- (C) the physical address;
- (D) when the virtual currency kiosk was first placed into service in Kansas;
- (E) the virtual currency kiosk's operating hours;
- (F) the start date of operation of a virtual currency kiosk at each location; and
- (G) the end date of operation of a virtual currency kiosk at each location, if applicable.

(g) (1) Any virtual currency kiosk operator who owns, operates,

solicits, markets, advertises or facilitates virtual currency kiosks in this state shall be deemed to be engaged in money transmission and require licensure pursuant to K.S.A. 2025 Supp. 9-564, and amendments thereto, and fully comply with money transmitter reporting.

(2) All unlicensed virtual currency kiosk operators shall apply for a money transmitter license within 60 days after July 1, 2026. Virtual currency kiosk operators who apply within such time provided shall be allowed to continue operations while the commissioner reviews a complete application. Any virtual currency kiosk operator whose application is denied by the commissioner shall cease operations until granted a money transmitter license.

(h) For each virtual currency transaction, the virtual currency kiosk operator or such operator's authorized delegate shall verify the identity of the user prior to accepting payment from such user. A virtual currency kiosk operator or such operator's authorized delegate shall obtain a copy of a government-issued identification card that identifies such user and shall collect additional information, including the user's name, date of birth, telephone number, address and email address prior to accepting a payment from such user at a virtual currency kiosk. A virtual currency kiosk operator shall not allow a user to engage in any transaction at a virtual currency kiosk under any name, account or identity other than such user's own true name and identity. A virtual currency kiosk operator shall be strictly liable for any violation of this section.

(i) This section shall take effect on and after July 1, 2026.

New Sec. 10. (a) A virtual currency kiosk operator shall not collect direct or indirect charges related to a virtual currency transaction from a person in Kansas that exceed the greater of the following:

(1) \$5 in United States currency or the equivalent; or

(2) 18% of the full money transmission amount in United States currency or the equivalent.

(b) A spread on a virtual currency purchase or sale between the market price and the price offered to a person in Kansas shall be considered an indirect charge.

(c) Each virtual currency kiosk provider shall retain documentation of the relevant virtual currency market price at the time of each transaction.

(d) This section shall take effect on and after July 1, 2026.

New Sec. 11. (a) Each virtual currency kiosk operator shall retain, hold and safekeep any money or virtual currency provided as part of a transaction with a person in Kansas for 72 hours for any transaction with a person that is conducted within 14 days of the initial transaction.

(b) Irrespective of the holding period in subsection (a), the transaction shall be completed at the agreed rates at the time the person in Kansas initiated the transaction unless the virtual currency kiosk operator is required by law or judicially ordered to safekeep the funds due to criminal activity or receives a refund request under this section.

(c) A virtual currency kiosk operator may only engage in a transaction with a person in Kansas under the following transaction and day limitations:

(1) For the initial transaction, up to \$1,000;

(2) within 14 days of the initial transaction, up to \$1,000 per day and only one transaction within 72 hours of the initial transaction, and a maximum of \$10,000 in total transactions within the first 14 days of the initial transaction; and

(3) more than 14 days from the initial transaction, up to \$10,500 per day.

(d) (1) Any person in Kansas may request a full refund of the initial transaction for any reason from a virtual currency kiosk operator within the holding period in subsection (a). The virtual currency kiosk operator shall issue a full refund unless safekeeping the funds due to criminal activity is required by law or judicially ordered.

(2) An existing customer of the virtual currency kiosk operator may request only a refund of direct and indirect charges, including any

spread fee and transaction fee, if such existing customer:

(A) Reports that a money transmission or a series of money transmissions was fraudulent to the commissioner, the attorney general or a law enforcement agency within 30 calendar days after the date of the last fraudulent money transmission; and

(B) submits to such virtual currency kiosk operator a police report or a sworn declaration detailing the fraudulent nature of the money transmission involving such virtual currency kiosk operator.

(e) For any initial transaction, or any transaction within 14 days of the initial transaction, upon the request of any person in Kansas, the commissioner, the attorney general or any law enforcement agency, the virtual currency kiosk operator shall issue a refund for the full money transmission amount and any fees charged, including any spread fee, if the person in Kansas:

(1) Reports that a money transmission or a series of money transmissions was fraudulent to the commissioner, the attorney general or a law enforcement agency within 30 calendar days after the date of the last fraudulent money transmission; and

(2) submits to such virtual currency kiosk operator a police report or a sworn declaration detailing the fraudulent nature of the money transmission involving such virtual currency kiosk operator.

(f) The virtual currency kiosk operator shall issue any refund requested under this section via a cash payout, the automated clearing house or mail a paper check within 10 business days after receiving the refund request. Notwithstanding the refund requirements of this section, under reasonable suspicion of fraud or wrongdoing by any person on behalf of the person in Kansas who initiated the transaction, a virtual currency kiosk operator may delay sending a refund for cause if the operator immediately reports such suspected fraud or wrongdoing to the commissioner, the attorney general or any law enforcement agency, until the receiving agency has advised the virtual currency kiosk operator of the conclusion of any investigation into such alleged fraud or wrongdoing.

(g) This section shall take effect on and after July 1, 2026.

New Sec. 12. (a) The attorney general's office and any law enforcement agency have the authority to investigate any fraudulent money transmission reported by a person in Kansas. All money transmitters shall comply with any investigation to the extent permitted by state and federal law.

(b) The attorney general's office and any law enforcement agency in Kansas shall periodically report to the commissioner any fraud or activity that violates this act and is conducted by or alleged against a money transmitter. In deciding whether to revoke or refuse to renew a license, the commissioner may consider previous fraudulent activity or any activity violating this act that is conducted by a money transmitter. The commissioner shall share any reported fraudulent money transmission with the attorney general's office and any relevant law enforcement agency in Kansas.

(c) The provisions of this section shall be a part of and supplemental to the Kansas money transmission act.

(d) This section shall take effect on and after July 1, 2026.

New Sec. 13. (a) The office of the state bank commissioner or any other state agency shall not become a receiver for any technology-enabled fiduciary financial institution that becomes insolvent or declares bankruptcy. For purposes of this section, "state agency" means the same as defined in K.S.A. 75-3701, and amendments thereto.

(b) A fiduciary financial institution shall be deemed to be insolvent if the:

(1) Actual cash market value of such fiduciary financial institution's assets is insufficient to pay such fiduciary financial institution's creditor liabilities; or

(2) fiduciary financial institution is unable to meet the demands of such fiduciary financial institution's creditors in the usual and customary manner.

(c) The provisions of this section shall be a part of and supplemental to the technology-enabled fiduciary financial institutions act.

Sec. 14. K.S.A. 2025 Supp. 9-551 is hereby amended to read as follows: 9-551. (a) K.S.A. 2025 Supp. 9-551 through 9-554, and amendments thereto, shall be known and may be cited as the Kansas financial institutions information security act.

(b) The purpose of the Kansas financial institutions information security act is to establish information security standards for any covered entity consistent with 16 C.F.R. § 314, as in effect on July 1, 2023.

(c) The Kansas financial institutions information security act applies to the handling of customer information by the following covered entities: (1) Credit services organizations, as defined in K.S.A. 50-1117, and amendments thereto; (2) mortgage companies, as defined in K.S.A. 9-2201, and amendments thereto; (3) supervised lenders, as defined in K.S.A. 16a-1-301, and amendments thereto; (4) financial institutions engaging in money transmission, as defined in K.S.A. ~~9-508~~ 9-555, and amendments thereto, *and not subject to licensure pursuant to K.S.A. 9-556, and amendments thereto*; (5) trust companies, as defined in K.S.A. 9-701, and amendments thereto; ~~and~~ (6) technology-enabled fiduciary financial institutions, as defined in K.S.A. 9-2301, and amendments thereto; *and (7) earned wage access service registrants, as defined in K.S.A. 9-2402, and amendments thereto.*

(d) The commissioner may adopt all rules and regulations necessary to govern and administer the provisions of the Kansas financial institutions information security act.

(e) The Kansas financial institutions information security act shall be a part of and supplemental to chapter 9 of the Kansas Statutes Annotated, and amendments thereto.

Sec. 15. On and after July 1, 2026, K.S.A. 2025 Supp. 9-555 is hereby amended to read as follows: 9-555. (a) K.S.A. 2025 Supp. 9-555 through 9-596, *and section 12*, and amendments thereto, shall be known and may be cited as the Kansas money transmission act.

(b) As used in the Kansas money transmission act:

(1) "Act" means the Kansas money transmission act.

(2) "Acting in concert" means persons knowingly acting together with a common goal of jointly acquiring control of a licensee whether or not pursuant to an express agreement.

(3) "Applicant in control of a licensee" means a person or a person in a group of persons acting in concert that is in control of, or apply to acquire control of, a licensee pursuant to K.S.A. 2025 Supp. 9-571, and amendments thereto.

(4) "Authorized delegate" means a person designated by a licensee to engage in money transmission on behalf of the licensee.

(5) "Average daily money transmission liability" means the amount of the licensee's outstanding money transmission obligations in Kansas at the end of each day in a given period of time added together and divided by the total number of days in the given period of time. For any licensee required to calculate "average daily money transmission liability" pursuant to this act, the given period of time shall be the calendar quarters ending March 31, June 30, September 30 and December 31.

(6) "Closed loop stored value" means stored value that is redeemable by the issuer only for goods or services provided by the issuer or the issuer's affiliates or franchisees of the issuer or the ~~franchisees's franchisees'~~ franchisees' affiliates, except to the extent required by applicable law to be redeemable in cash for its cash value.

(7) "Commissioner" means the state bank commissioner, or a person designated by the state bank commissioner to enforce this act.

(8) "Control" means the power to:

(A) Vote directly or indirectly at least 25% of the outstanding voting shares or voting interests of a licensee or person in control of a licensee;

(B) elect or appoint a majority of key individuals or executive officers, managers, directors, trustees or other persons exercising managerial authority of a person in control of a licensee; or

(C) exercise, directly or indirectly, a controlling influence over the management or policies of a licensee or person in control of a licensee.

(9) "Eligible rating" means a credit rating from any of the three highest rating categories provided by an eligible rating service. Each rating category may include rating category modifiers such as plus or minus for Standard & Poor or the equivalent for any other eligible rating service. "Eligible rating" shall be determined as follows:

(A) Long-term credit ratings shall be deemed eligible if the rating is equal to A- or higher by Standard & Poor or the equivalent from any other eligible rating service.

(B) Short-term credit ratings are deemed eligible if the rating is equal to or higher than A-2 or SP-2 by Standard & Poor or the equivalent from any other eligible rating service. If ratings differ among eligible rating services, the highest rating shall apply when determining whether a security bears an eligible rating.

(10) "Eligible rating service" means any nationally recognized statistical rating organization that has been registered by the securities and exchange commission or any organization designated by the commissioner through order or rules and regulations as an eligible rating service.

(11) "Federally insured depository financial institution" means a bank, credit union, savings and loan association, trust company, savings association, savings bank, industrial bank or industrial loan company organized under the laws of the United States or any state of the United States, when such bank, credit union, savings and loan association, trust company, savings association, savings bank, industrial bank or industrial loan company has federally insured deposits.

(12) "In Kansas" means the:

(A) Physical location of a person who is requesting a transaction in person in the state of Kansas; or

(B) person's residential address or the principal place of business for a person requesting a transaction electronically or by telephone if such residential address or principal place of business is in the state of Kansas.

(13) "Individual" means a natural person.

(14) "Key individual" means any individual ultimately responsible for establishing or directing policies and procedures of the licensee, including, but not limited to, an executive officer, manager, director or trustee.

(15) "Licensee" means a person licensed under this act.

(16) "Material litigation" means litigation, that according to United States generally accepted accounting principles, is significant to a person's financial health and would be a required disclosure in the person's annual audited financial statements, report to shareholders or similar records.

(17) "Money" means a medium of exchange that is authorized or adopted by the United States or a foreign government. "Money" includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more governments.

(18) "Monetary value" means a medium of exchange, whether or not redeemable in money.

(19) (A) "Money transmission" means any of the following:

(i) Selling or issuing payment instruments to a person located in Kansas;

(ii) selling or issuing stored value to a person located in Kansas;

(iii) receiving money for transmission from a person located in Kansas; ~~or~~

(iv) payroll processing services;

(v) *engaging in virtual currency transactions or other transactions for a fee from a virtual currency kiosk physically located*

in Kansas; or

(vi) three-party exchanges with at least one person located in Kansas in which money is exchanged for virtual currency.

(B) "Money transmission" does not include:

(i) The provision of solely online or telecommunications services or network access;

(ii) *two-party exchanges with at least one person located in Kansas in which money is exchanged for virtual currency in any manner other than from a virtual currency kiosk physically located in Kansas; and*

(iii) *exchanges of virtual currency for another virtual currency in any manner other than from a virtual currency kiosk physically located in Kansas.*

(20) "Money service business accredited state" means a state agency that is accredited by the conference of state bank supervisors and money transmitter regulators association for money transmission licensing and supervision.

(21) "Multistate licensing process" means any agreement entered into by state regulators relating to coordinated processing of applications for money transmission licenses, applications for the acquisition of control of a licensee, control determinations or notice and information requirements for a change of key individuals.

(22) "Nationwide multistate licensing system and registry" means a licensing system developed by the conference of state bank supervisors and the American association of residential mortgage regulators and owned and operated by the state regulatory registry, limited liability company or any successor or affiliated entity for the licensing and registration of persons in financial services industries.

(23) (A) "Outstanding money transmission obligation" means:

(i) Any payment instrument or stored value issued or sold by the licensee to a person located in the United States or reported as sold by an authorized delegate of the licensee to a person that is located in the United States that has not yet been paid or refunded by or for the licensee or escheated in accordance with applicable abandoned property laws; or

(ii) any money received for transmission by the licensee or an authorized delegate in the United States from a person located in the United States that has not been received by the payee or refunded to the sender or escheated in accordance with applicable abandoned property laws.

(B) "In the United States" includes a person in any state, territory or possession of the United States, the District of Columbia, the commonwealth of Puerto Rico or a United States military installation that is located in a foreign country.

(24) "Passive investor" means a person that:

(A) Does not have the power to elect a majority of key individuals or executive officers, managers, directors, trustees or other persons exercising managerial authority of a person in control of a licensee;

(B) is not employed by and does not have any managerial duties of the licensee or person in control of a licensee; or

(C) does not have the power to exercise, directly or indirectly, a controlling influence over the management or policies of a licensee or person in control of a licensee; and

(D) (i) either attests to subparagraphs (A), (B) and (C) in a form and in a manner prescribed by the commissioner; or

(ii) commits to the passivity characteristics of subparagraphs (A), (B) and (C) in a written document.

(25) (A) "Payment instrument" means a written or electronic check, draft, money order, traveler's check or other written or electronic instrument for the transmission or payment of money or monetary value, regardless of negotiability.

(B) "Payment instrument" does not include stored value or any instrument that is:

(i) Redeemable by the issuer only for goods or services provided

by the issuer or the issuer's affiliate or franchisees of the issuer or the franchisees' affiliate, except to the extent required by applicable law to be redeemable in cash for its cash value; or

(ii) not sold to the public but issued and distributed as part of a loyalty, rewards or promotional program.

(26) "Payroll processing services" means the receipt of money for transmission pursuant to a contract with a person to deliver wages or salaries, make payment of payroll taxes to state and federal agencies, make payments relating to employee benefit plans or make distributions of other authorized deductions from wages or salaries. "Payroll processing services" does not include an employer performing payroll processing services on the employer's own behalf or on behalf of an affiliate.

(27) "Person" means any individual, general partnership, limited partnership, limited liability company, corporation, trust, association, joint stock corporation or other corporate entity identified or recognized by the commissioner.

(28) "Receiving money for transmission" or "money received for transmission" means the receipt of money or monetary value in the United States for transmission within or outside the United States by electronic or other means.

(29) "Stored value" means monetary value representing a claim against the issuer evidenced by an electronic or digital record and that is intended and accepted for use as a means of redemption for money or monetary value or payment for goods or services. "Stored value" includes, but is not limited to, prepaid access as defined by 31 C.F.R. § 1010.100. "Stored value" does not include a payment instrument or closed loop stored value or stored value not sold to the public but issued and distributed as part of a loyalty, rewards or promotional program.

(30) "Tangible net worth" means the aggregate assets of a licensee excluding all intangible assets, less liabilities, as determined in accordance with United States generally accepted accounting principles.

~~(e) This section shall take effect on and after January 1, 2025.~~
(31) *"Three-party exchange" means a transaction in which a party acts as an intermediary and facilitates the exchange of virtual currency between a buyer and a seller for a fee or gain.*

(32) *"Two-party exchange" means a transaction in which one party holds inventory of virtual currency or money and conducts a purchase or sale transaction for a fee or gain with a person located in Kansas using such party's inventory.*

Sec. 16. On and after July 1, 2026, K.S.A. 2025 Supp. 9-556 is hereby amended to read as follows: 9-556. (a) This act does not apply to:

(1) An operator of a payment system to the extent that such operator provides processing, clearing or settlement services between persons exempted under this subsection or licensees in connection with wire transfers, credit card transactions, debit card transactions, stored value transactions, automated clearing house transfers or similar funds transfers.

(2) A person appointed as an agent of a payee to collect and process a payment from a payor to the payee for goods or services other than money transmission provided to the payor by the payee if:

(A) A written agreement exists between the payee and the agent directing the agent to collect and process payments from payors on the payee's behalf;

(B) the payee holds the agent out to the public as accepting payments for goods or services on the payee's behalf; and

(C) payment for the goods and services is treated as received by the payee upon receipt by the agent so that the payor's obligation is extinguished and there is no risk of loss to the payor if the agent fails to remit the funds to the payee.

(3) A person that acts as an intermediary by processing payments

between an entity that has directly incurred an outstanding money transmission obligation to a sender and the sender's designated recipient, if the entity:

(A) Is properly licensed or exempt from licensing requirements under this act;

(B) provides a receipt, electronic record or other written confirmation to the sender identifying the entity as the provider of money transmission in the transaction; and

(C) bears sole responsibility to satisfy the outstanding money transmission obligation to the sender, including the obligation to make the sender whole in connection with any failure to transmit the funds to the sender's designated recipient.

(4) The United States government and any agency, bureau, department, office or instrumentality, corporate or otherwise, thereof, including any official, employee or agent of any such entity.

(5) Money transmission by the United States postal service or by an agent of the United States postal service.

(6) Any state office or officer, department, board, commission, bureau, division, authority, agency or institution of this state, including any political subdivision thereof, and any county, city or other municipality.

(7) A federally insured depository financial institution, bank holding company, office of an international banking corporation, foreign bank that establishes a federal branch pursuant to 12 U.S.C. § 3102, a corporation organized pursuant to 12 U.S.C. §§ 1861 through 1867 or a corporation organized under 12 U.S.C. §§ 611 through 633.

(8) Electronic funds transfer of governmental benefits for a federal, state, county or governmental agency by a contractor on behalf of the United States or a department, agency or instrumentality thereof or on behalf of a state or governmental subdivision, agency or instrumentality thereof.

(9) A board of trade designated as a contract market under 7 U.S.C. §§ 1 through 25 or a person that in the ordinary course of business provides clearance and settlement services for a board of trade to the extent of the board of trade's operation as or for such a board.

(10) A futures commission merchant registered under federal commodities law to the extent of the registrant's operation as such a futures commission merchant.

(11) A person registered as a securities broker-dealer under federal or state securities law to the extent of such registrant's operation as such a securities broker-dealer.

(12) An individual employed by a licensee, authorized delegate or any person exempted from the licensing requirements of the act when acting within the scope of employment and under the supervision of the licensee, authorized delegate or exempted person as an employee and not as an independent contractor.

(13) A person expressly appointed as a third-party service provider to or agent of an entity exempt under paragraph ~~(a)(6)~~(7) solely to the extent that:

(A) Such service provider or agent is engaging in money transmission on behalf of and pursuant to a written agreement with the exempt entity that sets forth the specific functions that the service provider or agent is to perform; and

(B) the exempt entity assumes all risk of loss and all legal responsibility for satisfying the outstanding money transmission obligations owed to purchasers and holders of the outstanding money transmission obligations upon receipt of the purchaser's or holder's money or monetary value by the service provider or agent.

(14) A person engaging in the practice of law, bookkeeping, accounting, real estate sales or brokerage.

(15) A person appointed as an agent of a payor for purposes of providing payroll processing services for which such agent would otherwise need to be licensed if:

(A) There is a written agreement between the payor and the agent

that directs the agent to provide payroll processing services on the payor's behalf;

(B) the payor holds the agent out to employees and other payees as providing payroll processing services on the payor's behalf; and

(C) the payor's obligation to a payee, including an employee or any other party entitled to receive funds via the payroll processing services provided by the agent, is not extinguished if such agent fails to remit such funds to the payee.

(16) A person exempt by any rules or regulations adopted or by an order issued if the commissioner finds such exemption to be in the public interest and that the regulation of such person is not necessary for the purposes of this act.

(b) The commissioner may require that any person claiming to be exempt from licensing pursuant to this section provide information and documentation to the commissioner demonstrating that such person qualifies for any claimed exemption.

~~(e) This section shall take effect on and after January 1, 2025.~~

Sec. 17. On and after July 1, 2026, K.S.A. 2025 Supp. 9-558 is hereby amended to read as follows: 9-558. (a) (1) Except as otherwise provided in subsection (b), all information or reports obtained by the commissioner from an applicant, licensee or authorized delegate and all information contained in or related to an examination, investigation, operating report or condition report prepared by, on behalf of or for the use of the commissioner or financial statements, balance sheets or authorized delegate information, are confidential and are not subject to disclosure under the Kansas open records act, K.S.A. 45-215 et seq., and amendments thereto.

(2) The provisions of this subsection providing for the confidentiality of public records shall expire on July 1, 2030, unless the legislature reviews and reenacts such provisions in accordance with K.S.A. 45-229, and amendments thereto, prior to July 1, 2030.

(b) The commissioner may disclose information not otherwise subject to disclosure under subsection (a) to representatives of state or federal agencies who promise in a record that such representatives will maintain the confidentiality of the information or where the commissioner finds that the release is reasonably necessary for the protection and interest of the public in accordance with the Kansas open records act.

(c) The following information contained in the records of the office of the state bank commissioner that is not confidential and may be made available to the public:

(1) The name, business address, telephone number and unique identifier of a licensee;

(2) the business address of a licensee's registered agent for service;

(3) the name, business address and telephone number of all authorized delegates;

(4) the terms of or a copy of any bond filed by a licensee, provided that confidential information, including, but not limited to, prices and fees for such bond is redacted; ~~or~~

(5) copies of any orders of the office of the state bank commissioner relating to any violation of this act or regulations implementing this act; *or*

(6) *copies of a virtual currency kiosk operator's location report.*

(d) This section shall not be construed to prohibit the commissioner from disclosing to the public a list of all licensees or the aggregated financial or transactional data concerning those licensees.

~~(e) This section shall take effect on and after January 1, 2025.~~

Sec. 18. On and after July 1, 2026, K.S.A. 2025 Supp. 9-572 is hereby amended to read as follows: 9-572. (a) A licensee adding or replacing a key individual shall provide:

(1) Notice in the manner prescribed by the commissioner within 15 days after the effective date of the appointment of the new key individual; and

(2) information as required by K.S.A. 2025 Supp. ~~9-564~~ 9-565,

and amendments thereto, within 45 days of the effective date of the appointment of the new key individual.

(b) Within 90 days of the date on which the notice provided pursuant to subsection (a) was determined to be complete, the commissioner may issue a notice of disapproval of a key individual if the competence, experience, character or integrity of the individual would not be in the best interests of the public or the customers of the licensee to permit the individual to be a key individual of such licensee.

(c) A notice of disapproval shall state the basis for disapproval and shall be sent to the licensee and the disapproved individual. A licensee may appeal a notice of disapproval pursuant to the Kansas administrative procedure act, K.S.A. 77-501 et seq., and amendments thereto, within 14 days.

(d) If the notice provided pursuant to subsection (a) is not disapproved within 90 days after the date when the notice was determined to be complete, the key individual shall be deemed approved.

(e) If a multistate licensing process includes a key individual notice review and disapproval process pursuant to this section and the licensee avails itself or is otherwise subject to the multistate licensing process:

(1) The commissioner is hereby authorized to accept the determination of another state if the investigating state has sufficient staffing, expertise and minimum standards for the purpose of this section; or

(2) if Kansas is a lead investigative state, the commissioner is authorized to investigate the applicant pursuant to subsection (b) and the timeframes established by agreement through the multistate licensing process.

~~(f) This section shall take effect on and after January 1, 2025.~~

Sec. 19. On and after July 1, 2026, K.S.A. 2025 Supp. 9-589 is hereby amended to read as follows: 9-589. (a) The following investments are permissible under this section:

(1) Cash, including demand deposits, savings deposits and funds in accounts held for the benefit of the licensee's customers in a federally insured depository financial institution and cash equivalents including automated clearing house items in transit to the licensee and automated clearing house items or international wires in transit to a payee, cash in transit via armored car, cash in smart safes, cash in licensee-owned locations, debit card or credit card-funded transmission receivables owed by any bank or money market mutual funds rated AAA by Standard & Poor or the equivalent from any eligible rating service;

(2) certificates of deposit or senior debt obligations of a federally insured depository institution;

(3) an obligation of the United States or a commission, agency or instrumentality thereof, an obligation that is guaranteed fully as to principal and interest by the United States or an obligation of a state or a governmental subdivision, agency or instrumentality thereof;

(4) (A) the full drawable amount of an irrevocable standby letter of credit for which the stated beneficiary is the commissioner that stipulates that the beneficiary need only draw a sight draft under the letter of credit and present it to obtain funds up to the letter of credit amount within seven days of presentation of the items required by subparagraph (D);

(B) the letter of credit shall:

(i) Be issued by a federally insured depository financial institution, a foreign bank that is authorized under federal law to maintain a federal agency or federal branch office in a state or states or a foreign bank that is authorized under state law to maintain a branch in a state that:

(a) Bears an eligible rating or whose parent company bears an eligible rating; and

(b) is regulated, supervised and examined by United States federal

or state authorities having regulatory authority over banks, credit unions and trust companies;

(ii) be irrevocable, unconditional and indicate that such letter of credit is not subject to any condition or qualifications outside of such letter of credit;

(iii) contain no references to any other agreements, documents or entities or otherwise provide for a security interest in the licensee; and

(iv) contain an issue date and expiration date and expressly provide for automatic extension, without a written amendment, for an additional period of one year from the present or each future expiration date unless the issuer of the letter of credit notifies the commissioner in writing by certified or registered mail or courier mail or other receipted means at least 60 days prior to any expiration date, that the irrevocable letter of credit will not be extended;

(C) if any notice of expiration or non-extension of a letter of credit is issued under clause (a)(4)(B)(iv), the licensee shall be required to demonstrate to the satisfaction of the commissioner, 15 days prior to expiration, that the licensee maintains and shall maintain permissible investments in accordance with K.S.A. 2025 Supp. ~~9-590(a)~~ 9-588(a), and amendments thereto, upon the expiration of the letter of credit. If the licensee is not able to do so, the commissioner may draw on the letter of credit in an amount up to the amount necessary to meet the licensee's requirements to maintain permissible investments in accordance with K.S.A. 2025 Supp. 9-588(a), and amendments thereto. Any such draw shall be offset against the licensee's outstanding money transmission obligations. The drawn funds shall be held in trust by the commissioner or the commissioner's designated agent, to the extent authorized by law, as agent for the benefit of the purchasers and holders of the licensee's outstanding money transmission obligations;

(D) the letter of credit shall provide that the issuer of such letter of credit shall honor, at sight, a presentation made of the following documents by the beneficiary to the issuer on or prior to the expiration date of the letter of credit:

(i) The original letter of credit, including any amendments; and

(ii) a written statement from the beneficiary stating that any of the following events have occurred:

(a) The filing of a bankruptcy or reorganization petition by or against the licensee;

(b) the filing of a petition by or against the licensee for receivership or the commencement of any other judicial or administrative proceeding for such licensee's dissolution or reorganization;

(c) the seizure of assets of a licensee by a commissioner pursuant to an emergency order issued in accordance with applicable law, on the basis of an action, violation or condition that has caused or is likely to cause the insolvency of the licensee; or

(d) the beneficiary has received notice of expiration or non-extension of a letter of credit and the licensee failed to demonstrate to the satisfaction of the beneficiary that the licensee will maintain permissible investments in accordance with K.S.A. 2025 Supp. ~~9-590(a)~~ 9-588(a), and amendments thereto, upon the expiration or non-extension of the letter of credit;

(E) the commissioner may designate an agent to serve on the commissioner's behalf as beneficiary to a letter of credit if the agent and letter of credit meet requirements established by the commissioner. The commissioner's agent may serve as agent for multiple licensing authorities for a single irrevocable letter of credit if the proceeds of the drawable amount for the purposes of subsection (a)(4) are assigned to the commissioner; and

(F) the commissioner is hereby authorized to participate in multistate processes designed to facilitate the issuance and administration of letters of credit, including, but not limited to, services provided by the nationwide multistate licensing system and registry and state regulatory registry, LLC; and

(5) 100% of the surety bond provided for under K.S.A. 2025 Supp. 9-587, and amendments thereto, that exceeds the average daily money transmission liability in Kansas.

(b) (1) Unless permitted by the commissioner by rules and regulations adopted or by order issued to exceed the limit as set forth herein, the following investments are permissible under K.S.A. 2025 Supp. 9-589, and amendments thereto, to the extent specified:

(A) Receivables payable to a licensee from the licensee's authorized delegates in the ordinary course of business that are less than seven days old up to 50% of the aggregate value of the licensee's total permissible investments; and

(B) of the receivables permissible under subparagraph (A), receivables payable to a licensee from a single authorized delegate in the ordinary course of business may not exceed 10% of the aggregate value of the licensee's total permissible investments.

(2) The following investments are permissible up to 20% per category and up to 50% combined of the aggregate value of the licensee's total permissible investments:

(A) A short-term investment of up to six months, bearing an eligible rating;

(B) commercial paper bearing an eligible rating;

(C) a bill, note, bond or debenture bearing an eligible rating;

(D) United States tri-party repurchase agreements collateralized at 100% or more with United States government or agency securities, municipal bonds or other securities bearing an eligible rating;

(E) money market mutual funds rated less than AAA and equal to or higher than A- by Standard & Poor or the equivalent from any other eligible rating service; and

(F) a mutual fund or other investment fund composed solely and exclusively of one or more permissible investments listed in subsection (a)(1) through (3).

(3) Cash, including demand deposits, savings deposits and funds in such accounts held for the benefit of the licensee's customers, at foreign depository institutions are permissible up to 10% of the aggregate value of the licensee's total permissible investments if the licensee has received a satisfactory rating in the licensee's most recent examination and the foreign depository institution:

(A) Has an eligible rating;

(B) is registered under the foreign account tax compliance act;

(C) is not located in any country subject to sanctions from the office of foreign asset control; and

(D) is not located in a high-risk or non-cooperative jurisdiction as designated by the financial action task force.

~~(e) This section shall take effect on and after January 1, 2025.~~

Sec. 20. K.S.A. 2025 Supp. 9-2301 is hereby amended to read as follows: 9-2301. (a) The provisions of K.S.A. 9-2301 through 9-2327, and amendments thereto, *and section 13, and amendments thereto*, shall be known and may be cited as the technology-enabled fiduciary financial institutions act. The technology-enabled fiduciary financial institutions act shall be a part of and supplemental to chapter 9 of the Kansas Statutes Annotated, and amendments thereto.

(b) For purposes of the technology-enabled fiduciary financial institutions act:

(1) "Act" means the technology-enabled fiduciary financial institutions act;

(2) "alternative asset" means professionally managed investment assets that are not publicly traded, including, but not limited to, private equity, venture capital, leveraged buyouts, special situations, structured credit, private debt, private real estate funds and natural resources, including any economic or beneficial interest therein;

(3) "alternative asset custody account" means an account created by the owner of an alternative asset that designates a fiduciary financial institution as custodian or agent and into which the owner transfers, electronically or otherwise, content, materials, data, information,

documents, reports and contracts in any form, including, without limitation, evidence of ownership, subscription agreements, private placement memoranda, limited partnership agreements, operating agreements, financial statements, annual and quarterly reports, capital account statements, tax statements, correspondence from the general partner, manager or investment advisor of the alternative asset, an investment contract as defined in K.S.A. 17-12a102(28)(E), and amendments thereto, and any digital asset as defined in K.S.A. 58-4802, and amendments thereto, whether such information is in hard copy form or a representation of such information that is stored in a computer readable format;

(4) "charitable beneficiaries" means one or more charities, contributions to which are allowable as a deduction pursuant to section 170 of the federal internal revenue code that are designated as beneficiaries of a fidfin trust;

(5) "custodial services" means the safekeeping and management of an alternative asset custody account, including the execution of customer instructions, serving as agent, fund administrative services and overall decision-making and management of the account by a fiduciary financial institution ~~and~~. "Custodial services" shall be deemed to involve the exercise of fiduciary and trust powers;

(6) "director" means a person designated as a member of the board of directors pursuant to K.S.A. 9-2306, and amendments thereto;

(7) "economic growth zone" means an incorporated community with a population of not more than 5,000 people located within one of the following counties: Allen, Anderson, Barber, Bourbon, Brown, Chase, Chautauqua, Cherokee, Cheyenne, Clark, Clay, Cloud, Coffey, Comanche, Decatur, Doniphan, Edwards, Elk, Ellsworth, Gove, Graham, Grant, Gray, Greeley, Greenwood, Hamilton, Harper, Harvey, Haskell, Hodgeman, Jackson, Jewell, Kearny, Kingman, Kiowa, Labette, Lane, Lincoln, Linn, Logan, Marion, Marshall, Meade, Mitchell, Montgomery, Morris, Morton, Nemaha, Neosho, Ness, Norton, Osborne, Ottawa, Pawnee, Phillips, Pratt, Rawlins, Republic, Rice, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith, Stafford, Stanton, Stevens, Sumner, Trego, Thomas, Wabaunsee, Wallace, Washington, Wichita, Wilson or Woodson;

(8) "excluded fiduciary" means a fiduciary financial institution in its capacity as trustee of a fidfin trust, ~~provided~~ *except* that a fiduciary financial institution shall only be deemed an "excluded fiduciary" to the extent the fiduciary financial institution is excluded from exercising certain powers under the instrument that may be exercised by the trust advisor or other persons designated in the instrument;

(9) "fidfin," "fidfin services" or "fidfin transactions" means the financing of a fidfin trust or the acquisition of alternative assets on behalf of and through a fidfin trust, or both, as provided in K.S.A. 9-2311, and amendments thereto, including loans, extensions of credit and direct investments;

(10) "fidfin trust" means a trust created to facilitate the delivery of fidfin services by a fiduciary financial institution;

(11) "fiduciary" means a trustee, a trust advisor or a custodian of an alternative asset custody account appointed under an instrument that is acting in a fiduciary capacity for any person, trust or estate;

(12) "instrument" means any document creating a fidfin trust or alternative asset custody account;

(13) "officer" means a person who participates or has authority to participate, other than in the capacity of a director, in major policymaking functions of a bank, trust company or fiduciary financial institution, whether or not the officer has an official title or if the officer is serving without salary or other compensation. "Officer" includes the chairperson of the board, president, vice president, cashier, secretary and treasurer of a bank, trust company or fiduciary financial institution;

(14) "organizer" means a person who filed the fiduciary financial institution formation documents;

(15) "out-of-state bank" means a national or state bank, savings

and loan association or savings bank not incorporated under the laws of Kansas;

(16) "out-of-state financial institution" means an out-of-state bank or an out-of-state trust company;

(17) "out-of-state trust company" means a national or state trust company not incorporated under the laws of Kansas;

(18) (A) "qualified investment" means the purchase or development, in the aggregate, of at least 10,000 square feet of commercial, industrial, multiuse or multifamily real estate in the economic growth zone where the fiduciary financial institution maintains its principal office pursuant to K.S.A. 9-2309, and amendments thereto, provided that such community has committed to develop the necessary infrastructure to support a "qualified investment." A "qualified investment":

(i) May include, as part of satisfying the square footage requirements, the suitable office space of such fiduciary financial institution, as provided in K.S.A. 9-2309, and amendments thereto, if owned by the fiduciary financial institution;

(ii) shall be exempt from the provisions and limitations of K.S.A. 9-1102, and amendments thereto;

(iii) may be retained by a fiduciary financial institution for as long as the fiduciary financial institution operates in this state; and

(iv) may be sold, transferred or otherwise disposed of, including a sale or transfer to an affiliate of the fiduciary financial institution, if the fiduciary financial institution continues to maintain its principal office in an economic growth zone pursuant to K.S.A. 9-2309, and amendments thereto;

(B) notwithstanding the foregoing provisions, if a fiduciary financial institution leases any portion of a qualified investment made by another fiduciary financial institution as the lessee fiduciary financial institution's suitable office space:

(i) The lessee fiduciary financial institution shall make, or cause to be made, a qualified investment in an economic growth zone other than the economic growth zone where such fiduciary financial institution maintains its principal office;

(ii) the leased square footage shall count toward the square footage requirement applicable to a qualified investment under this section, if such lease has an initial term of not less than five years; and

(iii) the square footage requirement otherwise applicable to a qualified investment of the lessee fiduciary financial institution shall be reduced from 10,000 square feet to 5,000 square feet;

(19) "technology-enabled fiduciary financial institution" or "fiduciary financial institution" means any limited liability company, limited partnership or corporation that:

(A) Is organized to perform any one or more of the activities and services authorized by this act;

(B) has been authorized to conduct business as a fiduciary financial institution under this chapter pursuant to the provisions of K.S.A. 9-2302, and amendments thereto;

(C) has made, committed to make or caused to be made a qualified investment; and

(D) has committed, in or as a part of the application provided in K.S.A. 9-2302, and amendments thereto, to conduct any fidfin transactions in accordance with K.S.A. 9-2311, and amendments thereto, including the distributions required therein;

(20) "trust" means a trust created pursuant to the Kansas uniform trust code, K.S.A. 58a-101 et seq., and amendments thereto, or created pursuant to the Kansas business trust act of 1961, K.S.A. 17-2707 et seq., and amendments thereto;

(21) "trust advisor" means a fiduciary granted authority by an instrument to exercise, consent, direct, including the power to direct as provided in K.S.A. 58a-808, and amendments thereto, or approve all or any portion of the powers and discretion conferred upon the trustee of a fidfin trust, including the power to invest the assets of a fidfin trust or

make or cause distributions to be made from such fidfin trust; and
(22) the definitions of K.S.A. 9-701, and amendments thereto, apply to fiduciary financial institutions except as otherwise provided in this act. Sec. 21. K.S.A. 52-717 and K.S.A. 2025 Supp. 9-551 and 9-2301 are hereby repealed.
Sec. 22. On and after July 1, 2026, K.S.A. 2025 Supp. 9-555, 9-556, 9-558, 9-572 and 9-589 are hereby repealed.
Sec. 23. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the HOUSE, and was adopted by that body

HOUSE adopted
Conference Committee Report_____

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE
as amended _____

SENATE adopted
Conference Committee Report_____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.