

KANSAS OFFICE *of*  
**REVISOR *of* STATUTES**

LEGISLATURE *of* THE STATE *of* KANSAS  
*Legislative Attorneys transforming ideas into legislation.*

---

300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

---

**MEMORANDUM**

To: Chairman Longbine and the Senate Committee on Financial Institutions and Insurance  
From: Office of Revisor of Statutes  
Date: January 24, 2024  
Subject: **SB 345**, Enacting the commercial financing disclosure act

---

SB 345 would enact the commercial financing disclosure act, pertaining to certain commercial financing transactions between a provider and a business.

In section 1, you'll find the definition of "provider" in subsection (b)(16) meaning a person who consummates more than five commercial financing transactions to a business located in this state in a calendar year. The term also includes a person that enters into a written agreement with a depository institution to arrange for the extension of a commercial financing transaction by such depository institution to a business through an online lending platform administered to such person.

Also in section 1 is the definition of "business," and can be found at subsection (b)(6). The term means an individual, group of individuals, sole proprietorship, corporation, limited liability company, trust, estate, cooperative, association, limited partnership or general partnership engaged in a business activity.

Section 2 provides for the disclosures that a provider must make with each commercial financing transaction. Those disclosures can be found in subsection (b) and include: the total amount of funds provided to the business under the terms of the commercial financing transaction, the total amount of funds disbursed to the business under the terms of the commercial financing transaction, if less than the total amount previously described, the total amount to be paid to the provider pursuant to the commercial financing transaction, the total dollar cost of the commercial financing transaction, the manner, frequency and amount of each payment, and a statement of whether there are any costs or discounts associated with prepayment of the commercial financing transaction.

Section 3 lists the exemptions from the commercial financing disclosure act.

Section 4 provides certain prohibitions placed on brokers, who arrange commercial financing product transactions between a third party and a business in the state.

Section 5 provides for civil penalties for violations of the act and vests enforcement of the act with the attorney general.