

SESSION OF 2017

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2110

As Amended by House Committee on Financial
Institutions and Pensions

Brief*

HB 2110 would amend a provision governing the ability of an out-of-state trust company or trust department of a bank to establish a branch facility in Kansas.

Under current law, such out-of-state entities are prohibited from establishing or operating a trust facility in Kansas unless the laws of the state where the entity is located reciprocally authorize a Kansas-chartered trust company, trust department of a bank, corporation, or other such business entity (entity) to establish or operate a trust facility within that state. The out-of-state trust entity also must provide proof that its home state has reciprocity with Kansas.

The bill would clarify this prohibition, by deleting the terms “reciprocally” and “reciprocity,” and instead provide that the proof provided by the home state demonstrates the home state (of the out-of-state entity) authorizes a Kansas-chartered entity to establish or authorize a trust facility within that state.

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

Background

The bill was introduced in the House Committee on Financial Institutions and Pensions at the request of the

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

Kansas Bankers Association (KBA). In the House Committee hearing, the KBA representative stated references to “reciprocity” found in subsections (a) and (b) of KSA 9-2111 are problematic since reciprocity agreements between the Office of the State Bank Commissioner (OSBC) and other state regulatory agencies for trust companies and trust departments do not currently exist. The bill would accomplish the law’s original objective of prohibiting out-of-state trust companies and trust departments from branching into and operating in Kansas, unless the state in question allows a Kansas trust company or trust department to operate there. A representative of The Trust Company also appeared in support of the bill and indicated this clarification would remove a potential barrier to the expansion of Kansas trust companies and departments. Written-only proponent testimony was submitted by the Office of the State Bank Commissioner. No opponent or neutral testimony was provided.

The House Committee amendment modifies the publication date of the bill to publication in the *Kansas Register*.

According to the fiscal note prepared by the Division of the Budget, the OSBC indicates the bill, as introduced, would have no fiscal effect.