

SESSION OF 2018

SUPPLEMENTAL NOTE ON SENATE BILL NO. 275

As Amended by House Committee on Financial
Institutions and Pensions

Brief*

SB 275, as amended, would amend provisions in law relating to the expulsion of credit union members and the terms of service for members of the Credit Union Council (Council).

Authorization and Notice of Expulsion

The bill would authorize the president, general manager, or any other credit union employee designated by the board of directors to expel a credit union member from the credit union under certain circumstances. The bill would specify a member could be expelled for failure to comply with the credit union's adopted policy regarding expulsion. The bill would require the president or general manager to report such expulsion at the next regularly scheduled board meeting.

Additionally, the bill would eliminate the requirement that the board of directors provide notice to the member not less than 30 days prior to the effective date of the member's expulsion from the credit union. The bill would also eliminate the appeals process before the credit union membership. The bill would instead require the expelled member to be informed of the reason for expulsion, and the expelled member would be permitted to appeal the expulsion to the board of directors within 30 days of the expulsion.

*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>

Credit Union Council—Terms of Service

The bill would specify a Council member could not serve more than two consecutive full three-year terms. The bill would require the Governor, in the event of vacancy on the Council, to appoint a new member to fill the unexpired term, but this mid-term appointment of a new Council member would not be considered a full term for purposes of the two-term limit. The bill would also delete language relating to the original appointment of Council members.

Effective Date

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

Background

SB 275—Credit Union Council—Terms of Service

SB 275 was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Heartland Credit Union Association (Association). In the Senate Committee hearing, an Association representative and the Kansas Department of Credit Unions (KDCU) Administrator testified in support of the bill, stating the bill clarifies and improves the appointment process of Council members. The Association representative noted the bill comes in response to a recent Attorney General Opinion (No. 2017-2). The Opinion indicated mid-term appointments to a state board or commission would count as a full term, therefore preventing an appointee from serving two full terms, unless otherwise addressed in law.

No neutral or opponent testimony was provided.

In the House Committee on Financial Institutions and Pensions hearing, an Association representative and the

KDCU Administrator testified in support of the bill. No other testimony was provided.

The House Committee amended the bill to insert provisions relating to the expulsion of credit union members (SB 292, as recommended by Senate Committee on Financial Institutions and Insurance). Under this amendment, all provisions of the bill become effective upon publication in the *Kansas Register*.

According to the fiscal note prepared by the Division of the Budget, the KDCU indicates SB 275, as introduced, would have no fiscal effect.

SB 292—Expulsion of Credit Union Members

SB 292 was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Association. In the Senate Committee hearing, an Association representative and the KDCU Administrator testified in support of the bill, stating the bill would give credit unions and their members more flexibility to protect the financial soundness and best interests of their membership. Written-only proponent testimony was provided by a representative of the Kansas Cooperative Council.

No neutral or opponent testimony was provided.

In the House Committee on Financial Institutions and Pensions hearing, an Association representative and the KDCU Administrator testified in support of the bill. Written-only proponent testimony was provided by a representative of the Kansas Cooperative Council. No other testimony was provided.

According to the fiscal note prepared by the Division of the Budget on SB 292, as introduced, the KDCU indicates enactment of the bill would have no fiscal effect.