

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS.

The meeting was called to order by Chairperson Ray Cox at 3:30 p.m. on March 6, 2000 in Room 527-S of the Capitol.

All members were present except: Representative Tom Burroughs - Excused
Representative Dixie Toelkes - Excused

Committee staff present: Dr. Bill Wolff, Legislative Research
Bruce Kinzie, Office of Revisor
Maggie Breen, Committee Secretary

Conferees appearing before the committee: David Brant, Securities Commissioner
Sonya Allen, Office of the State Bank Commissioner

Others attending: See Attached

Chairman Cox opened the hearing on **HB 2997 - Securities, the regulation of.**

Proponent:

David Brant, Securities Commissioner, said **HB 2997** contained amendments to the Kansas Securities Act which would be considered to be "housekeeping" in nature. They include: amending the definition of commissioner to change a statute reference; amending the definition of person to include a limited liability company; deleting savings and loan department from a subsection because the agency is now part of the banking department; deleting specific reference to Moody's manual as a change in ownership is expected soon; and deleting a paragraph which is obsolete as the provision expired last year. He assured the committee that there was no reference to variable annuities. (**Attachment 1**)

The chairman closed the hearing on **HB 2997** and opened the hearing on **SB 412 - Bank Commissioner, rules and regulations, correction of statutory reference.**

Proponent:

Sonya Allen, Office of the State Bank Commissioner, said **SB 412** makes some technical changes to the statute regarding the Bank Commissioner's authority to adopt administrative rules and regulations. New section 3, names as the banking code, articles 5 through 21 of Chapter 9 of the statutes. She has an amendment to the bill, dealing with K.S.A. 9-808, which governs conversions from a national bank charter to a state bank charter. It broadens the scope of the statute by authorizing federal savings associations and federal savings banks to convert to a state-chartered bank. (**Attachments 2 & 3**)

Chairman Cox asked how this amendment request had come about after the bill had gone through the Senate. Mrs. Allen advised that a federal savings association, who is interested in converting, approached them. When they looked at the statutes, they found that there is no mechanism by which they could do so. Thus, the amendment request.

Chairman Cox closed the hearing on **SB 412** and opened the hearing on **SB 457 - Bank and trust companies; inactive companies or departments.**

Proponent:

Sonya Allen, Office of the State Bank Commissioner, testified in support of **SB 457**. It amends K.S.A. 9-

CONTINUATION SHEET

MINUTES OF THE FINANCIAL INSTITUTION, Room 527-S Statehouse, at 3:30 p.m. on March 6, 2000.

1703, which governs the annual assessments levied by the OSBC on all state-chartered banks and trust companies. Subsection (e), of the statute, addresses the issue of mergers that occur during the year. The general concept of the statute is that the surviving institution, if it is a state-chartered institution, would be responsible for the assessment of the institution that it absorbs. The rationale is that the assets still remain in the state system and should be available for the OSBC to assess against, to pay the expenses of oversight of the institution. A couple of years ago, subsection (e) was added to the statute and they have found that the revision did not thoroughly address the situation. Subsection (2) has been drafted to clarify the responsibility of institutions involved in merger transactions. (**Attachment 4**)

Chairman Cox closed the hearing on **SB 457** and said the committee would work **HB 2997 - Securities, the regulation of.**

Representative Grant made a motion to move **HB 2997** out favorably and place it on the consent calendar. Representative Empson seconded the motion. The motion carried.

Chairman Cox said the committee would work **SB 412 - Bank Commissioner, rules and regulations, correction of statutory reference.**

Representative Tomlinson made a motion to adopt the amendment to **SB 412**. Representative Vickrey seconded the motion. The motion carried.

Representative Tomlinson made a motion to pass **SB 412** out favorably as amended. Representative Dreher seconded the motion. The motion passed.

Chairman Cox said the committee would work **SB 457 - Bank and trust companies; inactive companies or departments.**

Representative Tomlinson made a motion to adopt **SB 457** favorable for passage and, due to its non-controversial nature, place it on the consent calendar. Representative Sharp seconded the motion. The motion carried.

Representative Grant made a motion to approve the committee minutes for February 16 and February 21 as written. Representative Boston seconded the motion. The motion carried.

The meeting adjourned at 3:47 p.m.

The next meeting is scheduled for March 8, 2000.