



March 11, 2019

To: House Committee on Financial Institutions and Pensions

From: Kelly VanZwoll, Kansas Bankers Association

Re: **SB 82: Amending the Kansas Banking Code**

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to appear before you today in support of SB 82. The Kansas Bankers Association (KBA) is a nonprofit trade organization whose membership includes 232 of the commercially chartered banks headquartered in Kansas. Our membership also includes 19 out-of-state commercial banks and 7 savings and loans operating in Kansas. We are pleased to support 99% of the industry in the state. Our member banks employ more than 13,000 Kansans that provide financial services in more than 400 towns and cities across Kansas.

SB 82 was requested by the KBA and amends several sections of the Kansas Banking Code:

- **Certificates of Existence.** We are requesting that K.S.A. 2018 Supp. 9-550, be amended. This provision allows a bank or savings association to rely on a Certificate of Existence when conducting transactions with an entity that may or may not have formal documentation. The amendment is to clarify that if a bank or savings and loan relying on a Certificate also has a copy of other agreements or documents of the entity's, a party cannot infer that a bank or savings and loan has knowledge of the contents of those agreements or documents.
- **Voting Rights in Conversions.** We are requesting that K.S.A. 2018 Supp. 9-808, be amended. This is the provision amended last session which allows a national bank, savings association or savings bank to convert to a state charter. The amendment this year is to clarify that where a mutual savings association or savings bank is voting to convert to a state charter, it requires approval by 2/3 of the institution's *voting interests* of members. A member may have more than 1 vote, as membership is determined per relationship with the institution., and adding "voting interest" clarifies that possibility.
- **Delivery of Certain Notices.** We are requesting that K.S.A. 2018 Supp. 9-908, dealing with the notice given with the issuance of preferred stock, and K.S.A. 2018 Supp. 9-1506, dealing with the notice given to a safe deposit box lessee when the lease is being terminated be amended. The amendments allow those notices to be delivered by certified mail or electronically according to the Kansas Uniform Electronic Transactions Act – in addition to being able to be sent by registered mail. The key in both of these instances is that the institution has proof that it was mailed, and all of these means allows that.

In conclusion, these provisions all clarify various issues covered by the Kansas Banking Code, so to bring certainty to institutions and their customers operating under this law.

Thank you, once again, for your time and attention to these issues and we respectfully request that when the Committee consider this bill, it consider it favorably for passage.