

January 25, 2022

The Honorable Jim Kelly, Chairperson
House Committee on Financial Institutions and Rural Development
Statehouse, Room 218-N
Topeka, Kansas 66612

Dear Representative Kelly:

SUBJECT: Fiscal Note for HB 2489 by House Committee on Financial Institutions and Rural Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2489 is respectfully submitted to your committee.

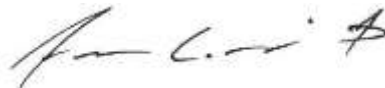
HB 2489 would establish procedures for when a technology-enabled fiduciary financial institution (TEFFI) is undercapitalized or insolvent. The bill would define “insolvent” and update other definitions. The bill would add certain instances when the State Banking Board could deny a TEFFI’s application. Under current law, a TEFFI is assessed a fee of \$500,000 when the charter is issued. HB 2489 would require the fee to be collected with the application. The bill would amend when assessments are sent from December 1 to July 1 of each year. The Bank Commissioner could require a TEFFI to have additional financial institution bonds, insurance policies, and capital. Under current law, the Banking Board and the Commissioner evaluates the safety and soundness of an institution. HB 2489 would require the Board and Commissioner to examine the institution and not evaluate for safety and soundness. The Board and Commissioner would also be required to evaluate profitability, compliance, and information technology systems, policies, and practices. The bill would allow the Board and Commissioner to examine any aspect of an institution.

The bill would also limit a TEFFI’s trust powers to those included in the institution’s activities. The bill clarifies that a TEFFI’s transaction is a sale and not a loan. HB 2489 would also allow the Commissioner to adopt rules and regulations to identify potential concentrations of risk. A TEFFI would be required to disclose the information required by rules and regulations to its customers. HB 2489 would allow the Commissioner to regulate and examine service companies who contract with a TEFFI. The bill would clarify the opening examination and application

process for a TEFFI to obtain a full charter. The bill would also add TEFFIs to the list of financial institutions that must report evidence of elder abuse. The bill would make technical amendments.

The Office of the State Bank Commissioner and the Department of Revenue state that HB 2489 would not have a fiscal effect.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Barbara Albright, Office of the Banking Commissioner