

Approved February 2, 2000
Date

MINUTES OF THE HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS.

The meeting was called to order by Chairperson Ray Cox at 3:30 p.m. on January 19, 2000 in Room 527-S of the Capitol.

All members were present except: Representative Bonnie Sharp - 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
Bill Sneed, Conseco Financial Services
Representative Gwen Welshimer
Kathy Olsen, Kansas Bankers Association
Franklin Nelson, Bank Commissioner

Others attending: See attached

Chairman Cox introduced Representative Ray Merrick, and welcomed him as a new member on the committee this year.

Chairman Cox opened the floor for introduction of bills and recognized Securities Commissioner David Brant.

Commissioner Brant handed out a history and summary of the Office of the Securities Commissioner and gave a brief overview of it. He introduced Angela Cichocki who is the new full-time Director of Investor Education. As of January 1, 2000, there is a new competency exam, developed by State Securities Commissioners, which is required nationwide. All new applicants for Investment Advisor Licenses need to take the exam. It is similar to the stock brokers exam but also covers a number of other areas including tax questions, ethics and financial planning type questions. It more closely reflects the actual work that most investment advisor do. He referred to a joint letter from him and the Insurance Commissioner to all Kansas Insurance Agents involving viatical settlement contracts and the joint cooperation of the two agencies in helping the agents handle them properly. (**Attachment 1**) He then submitted a request for a bill to be introduced which would make several technical amendments to the Kansas Securities Act. The purpose of the bill is functional regulation. The amendment expands the definition of "securities" to include variable annuities and it provides for shared jurisdiction with the Insurance Commissioner. (**Attachment 2**)

Representative Helgerson made a motion for the committee to introduce this legislation. Representative Humerickhouse seconded the motion. The motion carried.

Chairman Cox recognized **Bill Sneed**, Legislative Council, Conseco Financial Services, Inc. who requested a bill be introduced amending two statutes in the Uniform Commercial Credit Code (UCCC). Both deal with the applicability of UCCC on manufactured housing. (**Attachment 3**)

Representative Helgerson made a motion for the committee to introduce this legislation. Representative Grant seconded the motion. The motion carried.

Chairman Cox recognized **Representative Gwen Welshimer** who pointed out to the committee that private landowners, who subdivide and sell lots in high risk situations, are limited to 8% interest (unless they know how to write their mortgage contracts subject to the uniform commercial code). Current law on Real Estate Loans caps interest rates at 18% for banks, credit unions and Consumer Loan companies. In order to treat private landowners fairly, she requested the committee introduce legislation which would raise their allowable interest rate to the same 18% allowable to financial institutions. (**Attachment 4**)

Representative Helgerson made a motion for the committee to introduce the legislation. Representative Vickrey seconded the motion. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS, Room 527-S Statehouse, at 3:30 p.m. on January 19, 2000.

Chairman Cox recognized **Kathy Olsen**, Kansas Bankers Association, who made a request to amend a bill which was introduced last year that dealt with “good funds”. She requested the words “teller’s checks” be added to that legislation. (**Attachment 5**)

Representative Helgerson made a motion that the committee introduce the legislation. Representative Tomlinson seconded the motion. The motion carried.

Chairman Cox recognized our new State Bank Commissioner, **Franklin Nelson**, who requested introduction of two items of legislation. The first item would amend the Consumer Credit Code to address clean up issues related to last year’s revisions. The second request is to amend K.S.A. 9-1114 which addresses the annual stockholders’ meetings for banks and trust companies. It allows them to be called for and held at any time during the year. (**Attachment 6**)

Representative Grant made a motion that the committee introduce both pieces of legislation. Representative Helgerson seconded the motion. The motion carried.

Commissioner Nelson gave an overview of the Bank Commissioner’s Office. The consolidation of the Office of the State Bank Commissioner and the Office of the Consumer Credit Commissioner took place on July 1, 1999. It resulted in the separation of duties into two divisions within the OSBC. They are the Division of Banks and Trust Companies and the Division of Consumer and Mortgage Lending. Overall things are running smoothly. However, with the increased enforcement powers and penalties granted by the legislature last year, there is a need for 5 additional Full Time Equivalent (FTE) examiners positions. He hopes the legislature will be supportive of his office’s request for increased budget authority to fill them. (**Attachment 7**)

The meeting adjourned at 4:05 p.m.

The next meeting is scheduled for January 26.

CONTINUATION SHEET