

## MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairperson Jeff Longbine at 9:30 am on Wednesday, January 21, 2015, 546-S of the Capitol.

All members were present

Committee staff present:

Ellen Martinez, Kansas Legislative Committee Assistant  
Melissa Calderwood-Renick, Legislative Research Department  
Whitney Howard, Legislative Research Department  
Eileen Ma, Office of Revisor of Statutes

Conferees appearing before the Committee:

Jerel Wright, Administrator, Kansas Department of Credit Unions  
Haley DeVee, Senior Vice President, Kansas Credit Union

Others in attendance:

[See Attached List](#)

### **Bill introductions**

Ron Gaches of Gaches, Braden and Associates, made a bill introduction request to make a change to the UCC concerning allowable interest charges. Senator Bowers moved to accept the bill introduction and Senator Hawk seconded the motion. The motion passed.

Ron Gaches made a bill introduction request to change UCCC concerning limit on terms of installment loans. Senator Hawk moved to accept the bill introduction and Senator Bowers seconded the motion. The motion passed.

Doug Mays of The Mays Group, made a bill introduction request for most favored nations contracts. Senator Wilborn moved to accept the bill introduction and Senator Bowers seconded the motion. The motion passed.

John Federico of Federico Consulting, Inc., made a bill introduction request to make a change to the Health Stabilization Fund. Senator Kelly moved to accept the bill introduction and Senator Wilborn seconded the motion. The motion passed.

### **Presentation on:**

Jerel Wright, Administrator of the Kansas Department of Credit Unions, spoke to the committee about the role of credit unions in Kansas. The Kansas credit union system began in 1929. Credit unions are non-profit, member-owned financial cooperatives formed to provide member financial services. Kansas has 74 state chartered credit unions with assets in excess of \$890,447,832. The KSCU opened in 1968 when the Kansas Legislature approved the plan to move the regulation and examination of credit unions from the Office of the State Bank Commissioner, formalizing the agency's mission to provide for management, control, regulation and general supervision of state-chartered credit unions to pay an

## CONTINUATION SHEET

MINUTES of the Committee on Financial Institutions and Insurance at 9:30 am on Wednesday, January 21, 2015, 546-S of the Capitol.

annual examination fee to fund the agency thereby assuring the agency will be fully funded without any assistance of state general fund dollars.

The KDCU conducts a risk-based examination which evaluates five key financial risk areas consisting of Capital, Asset Quality, Management, Earnings and Asset-Liability Management (CAMEL) each of which is assigned an individual rating of 1 (least financial risk) to 5 (most financial risk). KDCU examination staff works with federal examination staff to complete joint examinations for an agreed upon number of examinations each years.

There are 536,843 total members in Kansas chartered credit unions. Metitrust Credit Union in Wichita is the largest and Norwesco in St. Francis is the smallest.

State credit union law requires the KDCU to examine every Kansas state-chartered credit union at least every 18 months to ensure financial stability and compliance with state and federal laws and regulations. ([Attachment 1](#))

### **Presentation on:**

Haley DaVee, Senior Vice President of the Kansas Credit Union Association, gave a brief overview about the state of the credit union industry in Kansas. Credit unions operate with a not-for-profit cooperative structure and are governed by volunteer boards of directors elected by and from the membership of the credit unions. All profits go back to the membership in the form of higher savings rates, lower loan rates, lower fees and other avenues.

There are 93 Kansas credit unions whose purpose is to serve the financial needs of the 649,000+ member/owners. Kansas credit unions make up 8% of the marketplace by assets in Kansas. Kansas credit unions are generally healthy and well-capitalized. As part of the mission of "people helping people," credit unions recognize the importance of community involvement and financial literacy- both for their members and in their communities.

Kansas credit unions continue to face a regulatory environment that is frequently changing and increasing in complexity. Coming into compliance with new rules and regulations can be costly and these costs make it increasingly difficult for small to mid-size institutions to compete in this economy. ([Attachment 2](#))

Senator Schmidt introduced her pages, Tori Shore and Macy Zeigler from Washburn Rural Middle School in Topeka.

There being no further business, Senator Longbine adjourned the meeting at 10:10 AM.