

HOUSE BILL No. 2724

By Committee on Appropriations

3-1

9 AN ACT concerning financial institutions; relating to the creation of the
10 department of banks and credit unions.

11

12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. There is hereby established a department of banks and
14 credit unions. The department shall be administered by the secretary of
15 banks and credit unions, who shall be the chief administrative officer of
16 the department. The secretary of the department of banks and credit
17 unions shall be appointed by the governor, subject to confirmation by the
18 senate as provided in K.S.A. 75-4315b, and amendments thereto, and
19 shall serve at the pleasure of the governor. The secretary of the depart-
20 ment of banks and credit unions shall be in the unclassified service under
21 the Kansas civil service act and shall receive an annual salary fixed by the
22 governor. The secretary shall have at least five years of experience in bank
23 or credit union management, regulatory, legal or related experience and
24 shall not engage in any private banking or credit union business while
25 employed by the department.

26 Sec. 2. The secretary of banks and credit unions may appoint such
27 officers and employees as are necessary to enable the secretary to carry
28 out the duties of the office of the secretary and the department of banks
29 and credit unions. Except as otherwise specifically provided by law, such
30 officers and employees shall be within the classified service under the
31 Kansas civil service act. All personnel of the department of banks and
32 credit unions shall perform the duties and functions assigned to them by
33 the secretary or prescribed for them by law and shall act for and exercise
34 the powers of the secretary of banks and credit unions to the extent
35 authority to do so is delegated by the secretary.

36 Sec. 3. (a) The state banking board created by K.S.A. 74-3004, and
37 amendments thereto, is attached to and is part of the department of banks
38 and credit unions. All budgeting, purchasing and related management
39 functions of the state banking board shall be administered by or under
40 the direction and supervision of the secretary of banks and credit unions.
41 All vouchers for expenditures and all payrolls of the state banking board
42 shall be approved by the secretary of banks and credit unions or by a
43 person or persons designated by the secretary.

1 (b) The state banking board created by K.S.A. 74-3004, and amend-
2 ments thereto, is hereby specifically continued in existence. Persons who
3 are members of the state banking board shall continue to hold such offices
4 under the conditions and limitations provided in K.S.A. 74-3004, and
5 amendments thereto. Unless otherwise specifically provided herein, the
6 powers, duties and functions vested in or exercised or performed by the
7 state banking board shall not be transferred but shall remain the lawful
8 powers, duties and functions of such board.

9 (c) All rules and regulations and all orders or directives of the state
10 banking board, or of any persons authorized by the board to issue orders
11 or directives shall continue to be effective and shall be deemed to be the
12 rules and regulations and orders or directives of the state banking board
13 until revised, amended, revoked or nullified pursuant to law. Nothing in
14 this act shall affect the authority of the state banking board to adopt or
15 promulgate rules and regulations or to issue orders or directives as au-
16 thORIZED by law.

17 Sec. 4. (a) The credit union council, created by K.S.A. 12-2322, and
18 amendments thereto, is attached to and is part of the department of banks
19 and credit unions. All budgeting, purchasing and related management
20 functions of the credit union council shall be administered by or under
21 the direction and supervision of the secretary of banks and credit unions.
22 All vouchers for expenditures and all payrolls of the credit union council
23 shall be approved by the secretary of banks and credit unions or by a
24 person or persons designated by the secretary.

25 (b) The credit union council, created by K.S.A. 17-2232, and amend-
26 ments thereto, is hereby continued in existence. Persons who are mem-
27 bers of the credit union council shall continue to hold such offices under
28 the conditions and limitations provided under K.S.A. 17-2232, and
29 amendments thereto. Unless otherwise specifically provided herein, the
30 powers, duties and functions vested in or exercised or performed by the
31 credit union council shall not be transferred but shall remain the lawful
32 powers, duties and functions of such council.

33 Sec. 5. (a) On January 1, 2011, the following state offices and de-
34 partments shall be and are hereby abolished:

35 (1) The office of the state bank commissioner created by K.S.A. 75-
36 1304, and amendments thereto;

37 (2) the state department of credit unions and the office of the credit
38 union administrator, created by K.S.A. 17-2234, and amendments
39 thereto.

40 (b) On January 1, 2011, all of the powers, duties, functions, records
41 and property of the state offices and departments abolished by this act,
42 including the power to administer, expend and distribute funds now or
43 hereafter made available in accordance with appropriation acts, are

1 hereby transferred to and conferred and imposed upon the secretary of
2 banks and credit unions.

3 (c) The secretary shall be the successor in every way to the powers,
4 duties and functions of the abolished state offices and departments. The
5 secretary of banks and credit unions shall be a continuation of the abol-
6 ished state offices and departments, and every act performed under the
7 authority of the secretary shall be deemed to have the same force and
8 effect as if performed by the respective office or department in which
9 the authority to perform such act was vested prior to the effective date
10 of this act.

11 (d) On and after January 1, 2011, whenever the state offices or de-
12 partments abolished by this act are referred to or designated by a statute,
13 contract or other document, such reference or designation shall be
14 deemed to apply to the secretary of banks and credit unions.

15 (e) All rules and regulations of the abolished state offices or depart-
16 ments shall continue to be effective and shall be deemed to be duly
17 adopted rules and regulations of the secretary of banks and credit unions
18 until revised, amended, revoked or nullified pursuant to law.

19 (f) All policies, orders and directives of the abolished state offices or
20 departments shall continue to be effective and shall be deemed to be
21 orders and directives of the secretary of banks and credit unions until
22 revised, amended or nullified pursuant to law.

23 Sec. 6. (a) The secretary of banks and credit unions shall provide that
24 all officers and employees of the abolished state offices or departments
25 who are engaged in the exercise and performance of the powers, duties
26 and functions transferred by this act are transferred to the department of
27 banks and credit unions if the secretary of banks and credit unions deems
28 that the transfer of such officers and employees is necessary to the ex-
29 ercise and performance of such powers, duties and functions.

30 (b) Officers and employees of the abolished state offices or depart-
31 ments who are transferred to the department of banks and credit unions
32 shall retain all retirement benefits and leave rights which had accrued or
33 vested prior to the date of transfer. The service of each such officer and
34 employee so transferred shall be deemed to have been continuous. All
35 transfers, layoffs and abolition of classified service positions under the
36 Kansas civil service act which may result from transfers of powers, duties
37 and functions shall be made in accordance with the civil service laws and
38 any rules and regulations adopted thereunder. Nothing in this act shall
39 affect the classified status of any transferred person employed by the
40 abolished state offices or departments prior to the date of transfer. The
41 secretary of banks and credit unions shall be responsible for administering
42 any layoff that is a part of the transfer. Notwithstanding the date of trans-
43 fer of personnel from the abolished state offices or departments to the

1 secretary of banks and credit unions pursuant to the provisions of this act,
2 the date of such transfer shall be effective at the start of a payroll period.

3 Sec. 7. (a) When any conflict arises as to the disposition of any power,
4 function or duty or the unexpended balance of any appropriation as a
5 result of any abolition, transfer or change effected by or under authority
6 of this act, such conflict shall be resolved by the governor, whose decision
7 shall be final.

8 (b) The secretary of banks and credit unions shall succeed to all prop-
9 erty, property rights and records which were used for or pertain to the
10 performance of the powers, duties and functions transferred to the sec-
11 retary. Any conflict as to the proper disposition of property or records
12 arising under this section, and resulting from any abolition or transfer of
13 powers, duties and functions effected by or under authority of this act,
14 shall be determined by the governor, whose decision shall be final.

15 Sec. 8. (a) The secretary of banks and credit unions shall have the
16 legal custody of all records, memoranda, writings, entries, prints, repre-
17 sentations or combinations thereof of an act, transaction, occurrence or
18 event of any of the abolished state offices and departments thereof.

19 (b) No suit, action or other proceeding, judicial or administrative,
20 lawfully commenced, or which could have been commenced, by or against
21 any state agency or program mentioned in this act, or by or against any
22 officer of the state in such officer's official capacity or in relation to the
23 discharge of such officer's official duties, shall abate by reason of the
24 governmental reorganization effected under the provisions of this act. The
25 court may allow any such suit, action or other proceeding to be main-
26 tained by or against the successor of any such state agency or any officer
27 affected.

28 (c) No criminal action commenced or which could have been com-
29 menced by the state shall abate by reason of the governmental reorgan-
30 ization effected under the provisions of this act.

31 Sec. 9. (a) The balance of all funds appropriated and reappropriated
32 to the abolished state offices and departments are hereby transferred to
33 the secretary and the department of banks and credit unions and shall be
34 used only for the purpose for which the appropriation was originally
35 made.

36 (b) On January 1, 2011, the liability for all accrued compensation or
37 salaries of officers and employees who, immediately prior to such date,
38 were engaged in the performance of powers, duties or functions of the
39 abolished state offices and departments shall be assumed and paid by the
40 secretary of banks and credit unions.

41 Sec. 10. The secretary of banks and credit unions shall appoint a
42 chief attorney for the department of banks and credit unions, who shall
43 serve at the pleasure of the secretary. The chief attorney shall be in the

1 unclassified service under the Kansas civil service act and shall receive an
2 annual salary fixed by the secretary of banks and credit unions, with the
3 approval of the governor. The secretary of banks and credit unions also
4 may appoint additional attorneys for the department of banks and credit
5 unions. Such additional attorneys shall be in the unclassified service under
6 the Kansas civil service act, shall receive an annual salary fixed by the
7 secretary of banks and credit unions, with the approval of the governor,
8 and shall be subject to assignment and reassignment of duties within the
9 department of banks and credit unions as may be determined by the chief
10 attorney.

11 Sec. 11. The secretary of banks and credit unions may organize the
12 department of banks and credit unions in the manner the secretary deems
13 most efficient, so long as the same is not in conflict with the provisions
14 of law, and the secretary may establish policies governing the transaction
15 of all business of the department.

16 Sec. 12. The secretary of banks and credit unions shall have the legal
17 custody of all records, memoranda, writings, entries, prints, representa-
18 tions or combinations thereof of any act, transaction, occurrence or event
19 of the department of banks and credit unions.

20 Sec. 13. This act shall take effect and be in force from and after
21 January 1, 2011, and its publication in the statute book.