

STATE AFFAIRS COMMITTEE
January 15, 1968

The meeting was called to order by the Chairman, and Mr. Jim Jukes, Managing Director of the Kansas Credit Union League was introduced to discuss HB 1636. He explained that this bill originated because the League has asked for it and that their Legislative Committee had helped draft it. He then introduced Mr. Dennis Hofts to explain the bill. Mr. Hofts stated that there are 310 organizations, 230 of which are chartered, with a total membership of 200,000 and assets in excess of 135 million dollars; that Credit Unions are closely in touch with the economy of Kansas, and that most types of business are represented with credit unions in their own organizations. He stated that this bill calls for specialized supervision and would simplify the supervision; that the bill makes no change in the law except a new section providing for a credit union council, which would be established by election from the credit unions and appointment by the Governor, and also the Governor would select two members at large as well. It also provides for an administrator, and all of this instead of coming under the Bank Commissioner; that the association has been very good; that the personnel cooperative and that there is no complaint, but there is no assurance that this can continue forever and therefore it was felt by the League that self government, self-supported was desirable.

Mr. Ford suggested that the salary of \$1,000 per year seemed pretty skimpy for a job like this and Mr. Jukes explained that the administrator would be performing a public service and that there would be prestige involved, and that an assistant under Civil Service would carry out the duties of the office. Mr. Turner expressed the opinion that prestige is well and good but that he believed the public interest would be best served with a properly paid and full time administrator, civil service exempt if they wished, but still fully responsible. Mr. Fribley inquired if the assistant wouldn't be a full time employee and really doing the work of the administrator, with the administrator more or less of a figurehead, and Mr. Jukes replied that this was so.

Mr. Buchele inquired about the status of credit unions insofar as tax is concerned. The Credit Union League tax attorney answered that they pay differently than banks do; that banks pay on the bank stock on about 10% of the assets; but the member who has money in the credit union pays 3% on the money he has in the credit union and is paid by the shareholder and not by the credit union; that they do pay real estate and ad valorem tax while banks are exempt.

Mr. Stone of the Kansas Bankers Association appeared to discuss the proposal, and stated that he sees no opposition from his group or from the Bank Commissioner to the Credit Unions having their own department; that it gives them more prestige; that all of them are involved in the public money and want the best control that is available. He made some suggestions where they would like to see the proposal amended (see memo) and particularly thought that the two members at large to be appointed by the Governor should be specified as Credit Union members; also that the members of the council should be people with certain specified experience and perhaps specific fields considered for balance. He urged too that a full-time credit union administrator be appointed, as well as the civil service employees, and that a suggested salary of \$9,000 seemed reasonable and still would not take away the public honor aspect. He suggested too that the administrator should have at least five years experience in a credit union; that they believed an assistant hired under civil service would not be as effective as an administrator appointed by the Governor.

The Chairman called for action on HB 1223, and Mr. Lindahl moved that it be reported adversely. Mr. Bunten seconded the motion which carried 10 to 2.

The Chairman then called for action on HB 1103. Mr. Ford moved that it be reported adversely. Motion was seconded by Mr. Buchele and carried unanimously.

Motion was made by Mr. Unruh that HB 1249 be reported adversely. Motion was seconded by Mr. Fibley and carried unanimously.

It was moved by Mr. Ford and seconded by Mr. Bunten that HB 1519 be reported adversely. Motion carried with Mr. Fibley and Mr. Doyen voting to retain the bill on the calendar.

The Chairman stated that the lobbyists for SB 82 and 83 state that they are through with these bills and they can be killed. Mr. Fibley moved that SB 82 be reported adversely. Upon second by Mr. McCray, motion carried unanimously. Thereupon, Mr. Fibley moved, seconded by Mr. McCray, that SB 83 be not passed. Motion carried unanimously.

The chairman announced that on Tuesday the following bills would be considered: 1233; 1309; 1374; and 1681; and that on Wednesday HB 1689; 1702; 1704 and HCR 1056 would be considered.

The meeting was adjourned.