

MINUTES OF THE House COMMITTEE ON Commercial & Financial InstitutionsThe meeting was called to order by Representative Harold P. Dyck at
Chairperson3:30 ~~am~~/p.m. on February 22, 1983 in room 527-S of the Capitol.

All members were present except:

Representative Miller, excused.

Committee staff present:

Bill Wolff, Research Department
Bruce Kinzie, Revisor of Statutes' Office
Martha Evans, Committee Secretary

Conferees appearing before the committee:

HB 2385 Richard Jackson, Mayfield State Bank
John O'Leary, Bank Commissioner
HB 2127 Marvin Umholtz, Kansas Credit Union League
Jim Snyder, Kansas Funeral Directors & Embalmers AssociationHB 2385 - An act relating to banks and banking; concerning certain exceptions to loan limitations; amending K.S.A. 9-1104 and repealing the existing section.

Chairman Dyck welcomed those present for the hearings. He then introduced Richard Jackson of the Mayfield State Bank as the first conferee on HB 2385.

Mr. Jackson testified in favor of the bill. He said that 9-1104 governs loan limits on banks and that the liability cannot exceed 15% of the unimpaired capital stock and surplus funds of the bank, with some exceptions. He testified that approximately one-third of the banks in Kansas have loan limits of less than \$100,000, thus precluding them from purchasing time deposit "jumbo" CD's. Last year the time deposits insured with FDIC (banks) were excluded from these limitations and this bill would allow time deposits insured with FSLIC (savings & loans) to be excluded also. He concluded by urging passage of the bill.

Bank Commissioner John O'Leary testified that allowing time loans with FSLIC exclusion was probably a good idea. However, he wished to propose an amendment to the bill which would remove, in its entirety, section 5 and Section 6 would then become Section 5. He said that real estate liens which allowed an additional 10% were excessive especially now when real estate was not that good an investment.

HB 2127 - An act relating to credit unions; concerning the investment of moneys therein; amending K.S.A. 16-301, 16-302 and 16-304 and K.S.A. 1982 Supp 16-303, 17-5002, 58-1203 and 58-3061 and repealing the existing sections.Marvin Umholtz, representing the Kansas Credit Union League, appeared as a proponent of the bill. He told the committee that HB 2127 would make conceptual changes in 3 areas, amending the investment authority laws of (1) Funeral Directors & Embalmers (prepaid burial services and merchandise); (2) Administrators, etc. (Section 5 & 6); and (3) Real Estate Brokers (trust accounts). He said that credit unions can presently accept these funds but investors need the authority to invest with them. He asked the committee to pass the bill favorably. (Attachment 1)

Jim Snyder, Executive Secretary of the Kansas Funeral Directors & Embalmers, spoke in support of HB 2127. He said that some people preferred to invest through the credit unions and that all his organization asked was that these investments be insured. He told the committee, upon questioning, that there were separate licenses for directors and embalmers but most of those with one license also had the other and that he was unsure why they had been named separately in the bill. He said that it was not too long ago that Savings & Loans were excluded from these investments and he saw no reason why Credit Unions should be excluded now.

The meeting was adjourned at 4:05 by the Chairman.

The next meeting of the committee will be at 3:30 p.m. on February 24, 1983.

Testimony of the
KANSAS CREDIT UNION LEAGUE

on

HB 2127

A Bill Authorizing Funeral Directors, Real Estate Brokers,
Executors, Administrators, Trustees and Others to Invest
in Credit Unions.

Presented to the

House Committee on Commercial and Financial Institutions

by Marvin C. Umholtz
Governmental Affairs Director

on February 22, 1983

Mr. Chairman, Members of the Committee:

I am Marvin Umholtz, Governmental Affairs Director for the Kansas Credit Union League, the state-wide trade association for credit unions. Our association represents 217 credit unions in Kansas, both state and federally chartered. These credit unions serve over 400,000 members. I would like to thank the Committee for its support of our association's request for introduction of this measure.

Essentially, HB 2127 makes one conceptual change in three areas.

Very simply, it amends the investment authority statutes of:

1. Funeral Directors and Embalmers -- prepaid funeral and burial merchandise or services plans (Sections 1, 2, 3 and 4);
2. Administrators, executors (of estates), conservators, trustees, insurance companies, financial institutions, charitable, educational, eleemosynary corporations and organizations (Sections 5 and 6); and
3. Real Estate Brokers -- trust accounts (Section 7)

...such that they have the option of investing in credit union accounts in addition to accounts at banks and savings and loan associations.

This is accomplished through amendments similar to that shown on lines 0034 through 0036 on page 1, being added to Sections 1, 5 (lines 0105 - 0107), 6 (lines 0220 - 0222) and Section 7 (lines 0233 - 0235).

The other amendments in Sections 2 (lines 0047 and 0048), 3 (lines 0057 and 0061) and 4 (lines 0081, 0086 and 0088) add the words "credit union" to the appropriate lists of authorized investments for Funeral directors and embalmers. This is also accomplished for real estate brokers in Section 7 (line 00237).

Credit unions currently have the authority to accept these types of funds, but the investors require the authority to invest in credit union accounts. Any investor (or in certain circumstances, their clients) would also have to meet the membership eligibility requirements of a credit union before they could invest these funds in the credit union.

The statutory authorities to invest in credit union accounts provided by HB 2127 have the respective support of the Kansas Association of Realtors and the Kansas Funeral Directors Association.

Thank you for the opportunity to speak in support of HB 2127. I stand ready to respond to questions at the direction of the Chairman.