

Approved February 10, 1983  
Date

MINUTES OF THE House COMMITTEE ON Federal and State Affairs

The meeting was called to order by Rep. Neal D. Whitaker at  
Chairperson

1:30~~xxx~~ a.m./p.m. on February 8, 1983 in room 526-S of the Capitol.

All members were present except:  
Reps. Roe and Peterson, who were excused.

Committee staff present:  
Russ Mills, Legislative Research  
Mary Torrence, Revisor of Statute's Office  
Nora Crouch, Committee Secretary

Conferees appearing before the committee:

Rep. Bob Vancrum  
Bill Schutte, Chief Counsel, Securities Commissioner's Office

Chairman Whitaker called the meeting to order and announced that HB 2185 was on hearing status.

Rep. Bob Vancrum appeared to explain the provisions of the bill explaining that the bill is one he introduced this summer to correct some inequities in the present law. (See Attachment A)

Bill Schutte, General Counsel, Kansas Securities Commissioner, appeared on HB 2185 stating there was an exemption from securities registration from 1976 through 1980 stating that if the lease was in Kansas it was exempt from lease registration. Because of that, Kansas became a haven for boilerroom sales. The statute has served well and that problem has come under control, however, the legislation is restrictive to the out of state leases. He proposed a change to HB 2185 on Line 83 that it read "subsections (a), (e) or (n) of .." and that the language on Lines 52 and 53 be reinstated.

Chairman Whitaker advised the Committee that HB 2145 was scheduled for hearing on Monday, February 14th, at 1:30 P.M, and their promptness will be required. The proponents will have 1 hour to testify and the opponents will have 1 hour. He anticipates the room will be filled with interested people interested in seeing what the Committee's reactions will be. A vote will not be taken on this bill or the companion bill for a week or so in order for the Committee to do their own research into the issue.

The Committee will meet Wednesday and Thursday hearing additional bills referred to the Committee.

Rep. Cobb moved, Rep. Eckert seconding, that the minutes of the January 31, 1983, meeting be approved. The motion carried.

The meeting adjourned.



Attach A

Testimony of Robert J. Vancrum

To: House Federal and State Affairs Committee House Bill 2185

House Bill 2185 would amend K.S.A. 17-1262a by deleting the requirement that oil and gas securities sold to Kansans pursuant to an exemption from registration be confined to interests in Kansas leases. It was brought to my attention this summer that although sales of oil and gas securities as small as 1/32 undivided interests are totally exempt from registration under the provisions of the statute, it is not possible to sell interests in Texas, Oklahoma or Arkansas wells to Kansas residents unless they are confined to four sales in a twelve month period or subject to full blown or expensive registration proceedings. The result is that Kansas residents are for the most part limited to investing in Kansas leases.

Although I would certainly agree that we should encourage Kansans to invest at home, I am not sure that we have the right to prevent them from having the opportunity to invest in high quality leases in other states that are available for purchase by residents of other states.

After introducing the bill, I learned that the Securities Commissioner also has a proposal to make concerning this matter. His approach would be to require the promoters of these investments to comply with provisions of Regulation D as authorized by the Legislature last year, and to apply this exemption to both offerings of Kansas leases and out-of-state leases. I think this makes a great deal of sense, and also would conform the treatment of out-of-state leases with in-state leases. If it is the committee's pleasure, I would also support this approach to correct what I believe is really a Legislative oversight.

Attch. A