

MINUTES OF THE SENATE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS

The meeting was called to order by Sen. Neil H. Arasmith at  
Chairperson

9:00 a.m./~~p.m.~~ on March 17, 1983 in room 529-S of the Capitol.

All members were present except:

Senators Hess & Harder - Excused

Committee staff present:

Bill Wolff, Legislative Research  
Bruce Kinzie, Revisor's Office

Conferees appearing before the committee:

Marvin Umholtz, Kansas Credit Union League  
Jim Snyder, Kansas Funeral Directors

The hearing began on HB 2127 regarding the investment of certain funds in credit unions. Marvin Umholtz, Kansas Credit Union League, appeared to give testimony in support of the bill. (See Attachment I.)

Jim Snyder, Kansas Funeral Directors, appeared to give testimony in support of HB 2127. He said that the bill would allow not only his people but also the consumer to invest in this way. Sen. Gordon asked if the bill allows that funeral directors would pay on a prepaid funeral contract if the credit union holding the funds goes broke. Mr. Snyder said that it does not but that this is covered by the insurance of the credit union.

Sen. Werts asked if a real estate broker has a trust account with a credit union, will it have earnings and, if so, to whom would the earnings go. Mr. Snyder asked for the assistance of Tim Underwood, Kansas Association of Realtors, in answering the question. Mr. Underwood said that the broker has an option with the consent of the seller to receive the interest but that it is usually customary for the seller to get the interest.

Sen. Pomeroy made a motion to amend HB 2127 on page 3, lines 98 and 99, by striking "who have filed" on line 98 and everything before "con-" on line 99. Sen. Feleciano seconded the motion. The motion carried.

Sen. Pomeroy made a motion to report HB 2127 favorably as amended. Sen. Werts seconded the motion. The motion carried.

The chairman said that since there was some extra time remaining that he would like the committee to act on some of the Senate bills.

Sen. Pomeroy made a motion to report SB 50 adversely. Sen. Werts seconded the motion. The motion carried.

Sen. Reilly made a motion to report SB 95 adversely. Sen. Pomeroy seconded the motion. The motion carried.

Sen. Pomeroy made a motion to report SB 123 adversely. Sen. Reilly seconded the motion. The motion carried.

Sen. McCray made a motion to report SB 136 adversely. Sen. Pomeroy seconded the motion. The motion carried.

Sen. Pomeroy made a motion to report SB 249 adversely. Sen. Werts seconded the motion. The motion carried.

The next meeting will be held on March 22.

The meeting was adjourned.

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

SENATE COMMERCIAL AND FINANCIAL INSTITUTIONS COMMITTEE

HB 2127 passed the House on March 2, 1983 by a vote of 122 - 0.

- ° HB 2127 makes one conceptual change in three areas. It amends the investment authority statutes of certain persons and organizations such that they have the option of investing in credit union accounts in addition to accounts at banks and savings and loan associations.
- ° These persons and organizations are:
  1. Funeral Directors -- preneed funeral and burial merchandise or services accounts (Sections 1, 2, 3 and 4);
  2. Administrators or executors of estates, conservators, trustees, insurance companies, financial institutions, and nonprofit and charitable organizations (Sections 5 and 6); and
  3. Real Estate Brokers -- trust accounts (Section 7).
- ° 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.

*Attachment I*