

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

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

9:00 a.m. ~~pm~~ on January 17, 1985 in room 529-S of the Capitol.

All members were present except:

Senators Burke and Gannon - Excused

Committee staff present:

Bill Wolff, Legislative Research  
Myrta Anderson, Legislative Research  
Bruce Kinzie, Revisor of Statutes

Conferees appearing before the committee:

None

The Chairman began the meeting by welcoming new members and past members back to the committee. He introduced the new members present: Senators Kerr, Strick, and Warren. He continued by explaining the procedure followed in keeping committee members' bill books and folders.

The Chairman announced the sub-committees and members as follows: Banking, Sen. Werts as chairman with Senators Kerr and Warren as members; Savings and Loan, Sen. Harder as chairman with Senators Burke and Karr as members; and Insurance, Sen. Reilly as chairman with Senators Gordon and Gannon as members.

The meeting continued with the Chairman announcing his request for the introduction of a bill. He instructed staff to distribute copies of the draft of the proposed bill. (See Attachment I.) He explained that the purpose of the bill is to prohibit the operation of non-bank banks in the State of Kansas. He informed the committee that Congress is considering this same action at this time, but it is not known at what time they will act on it. He further informed the committee that the State of Florida has taken the initial step in this prohibition. He explained that he got the idea for the bill after having seen a Kansas banker's copy of the Florida bill. The bill is not lengthy, but it is complicated as is the situation. The bill has a sunset provision for July 1, 1986. The Chairman concluded with his request for the introduction of this bill.

Sen. Werts made a motion that the bill be introduced and referred back to committee and that the sunset provision be changed to December 31, 1986, to coincide with the legislature convening. Sen. Harder seconded the motion, and it carried.

The Chairman said that the bill would be heard during the week after the next.

The meeting was adjourned.

SENATE COMMITTEE

ON

FINANCIAL INSTITUTIONS AND INSURANCE

OBSERVERS  
(Please print)

DATE	NAME	ADDRESS	REPRESENTING
1/17/85	Jim Maag	Topeka	KBA
1/17/85	Harold Stone	Topeka	KBS2
1/17/85	R. R. Stark	A.C.K's.	-
1/17/85	Rud Grant	Topeka	KCC1
1/17/85	Jim Turner	Topeka	KLSE
1-17-85	Jill Ellen Doyle	Wichita	KCUK
	Norman C. Ginzburg	Topeka	KCUL
	Wayne Morris	"	SBL
	DENNIS DEHN	"	INTERN FOR SEN. WERTS

## SENATE BILL NO. \_\_\_\_\_

By Committee on Financial Institutions and Insurance

AN ACT concerning banks and banking; relating to the control of banks.

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

Section 1. For the purpose of this act, unless the context otherwise requires, the following words and phrases shall have the meanings ascribed to them in this section:

(a) "Bank" means any company that accepts deposits in Kansas that are insured by the federal deposit insurance corporation, or its successor, except that "bank" shall not include a company engaged solely in the trust business, all or substantially all of the deposits of which are in trust funds and are received in a bona fide fiduciary capacity.

(b) "Bank holding company" means any company which is a bank holding company as defined in subsection (a) of K.S.A. 9-504, and amendments thereto.

(c) "Company" means any corporation, partnership, business trust, association or similar organization, but shall not include any corporation the majority of the shares of which are owned by the United States or by any state.

(d) "Control" means the power directly or indirectly to:

(1) Vote 25% or more of any class of voting shares of a bank;

(2) direct the management or policies of a bank; or

(3) control in any manner the election of a majority of the directors or trustees of a bank.

Sec. 2. (a) No bank holding company shall control a bank unless the bank: (1) Accepts deposits that the depositor has a legal right to withdraw on demand; and (2) engages in the business of making commercial loans.

1/17/85  
Attachment I

(b) No company that is not a bank holding company shall control a bank.

(c) The state bank commissioner shall have the power to issue cease and desist orders under the provisions of K.S.A. 9-1807, and amendments thereto, for violations of this act.

Sec. 3. This act shall not prohibit the continued control of a bank by a company or bank holding company which controlled such bank on June 30, 1983, and has continuously controlled such bank since that date.

Sec. 4. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

Sec. 5. The provisions of this act shall expire on July 1, 1986.

Sec. 6. This act shall take effect and be in force from and after its publication in the statute book.

