

Approved February 18, 1986  
Date

MINUTES OF THE House COMMITTEE ON Commercial & Financial Institutions

The meeting was called to order by Representative Harold P. Dyck at  
Chairperson

3:30 ~~xxx~~/p.m. on February 4, 1986 in room 527-S of the Capitol.

All members were present except: Representative David Miller, excused; Rep. Homer Jarchow, excused; Rep. Mary Jane Johnson, excused; Representatives Schmidt, Francisco and Jenkins.

Committee staff present: Bill Wolff, Legislative Research Department  
Bruce Kinzie, Revisor of Statutes Office  
Myrta Anderson, Legislative Research Department  
Virginia Conard, secretary

Conferees appearing before the committee: Rita D'Agostino, General Counsel, Banking Commissioner  
James Turner, President, Kansas League of Savings  
Institutions

Chairman Harold Dyck called the meeting to order. He stated that Credit Union Administrator John Rucker, Jr., had passed away and his funeral services were held yesterday.

Chairman Dyck then called on the Bank Commissioner's General Counsel Rita D'Agostino, who presented two proposals for legislation for the committee's consideration.

The first proposed bill concerns certain examinations of banks after a receiver has been appointed and would amend K.S.A. 9-1912 and 9-2007 and would repeal K.S.A. 9-1913, Ms. D'Agostino stated. (See Attachment I)

Rep. Wilbert moved that this proposal be introduced as a committee bill. Rep. Ott seconded. Motion carried.

Ms. D'Agostino then presented the second proposed bill which requires that no bank corporation shall change its existing name until such name change has been submitted to and approved by the state banking board. (See Attachment II)

Rep. Louis moved that the requested bill be introduced as a committee bill. Rep. Ott seconded the motion. Motion carried.

Chairman Dyck then called on the second conferee, James Turner, President of the Kansas League of Savings Institutions, who presented House Bills 2749, 2750 and 2751 and asked for the committee's favorable consideration and action on these bills.

(For details on HB 2749, see Attachment III; for HB 2750, see Attachment IV; and for HB 2751 see Attachment V.)

Rep. Louis moved that HB 2750 be passed favorably out of committee and that the bill be placed on the Consent Calendar. Rep. Nichols seconded the motion. Motion carried.

Rep. Runnels moved to pass HB 2749 favorably out of committee. Rep. Louis seconded. Motion carried.

Rep. Ott moved to recommend HB 2751 favorably for passage. Rep. Sand seconded the motion. Motion carried.

Rep. Nichols moved that the minutes of the January 23, 1986, meeting be approved. Rep. Louis seconded. Motion carried.



BILL NO. \_\_\_\_\_

AN ACT relating to banks and banking; concerning certain examinations of banks after a receiver has been appointed; amending K.S.A. 9-1912 and 9-2007 and repealing the existing sections; also repealing K.S.A. 9-1913.

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

Section 1. K.S.A. 9-1912 is hereby amended to read as follows: 9-1912. (a) At least once in each six months the commissioner shall examine every bank or trust company in the hands of a receiver and shall file a copy of such examination report with the clerk of the district court of the county wherein such bank or trust company is located. Every receiver shall submit the records and affairs of such bank or trust company to an examination by the commissioner or the commissioner's assistant and examiners whenever the receiver is requested to do so.

(b) The provisions of subsection (a) shall not apply if the federal deposit insurance corporation or its successor is appointed as receiver of a bank or trust company.

Sec. 2. K.S.A. 9-2007 is hereby amended to read as follows: 9-2007. ~~The bank commissioner shall examine each and every bank in the hands of a receiver at least once in each six months, until its affairs shall be wound up, and shall file a copy of each such examination with the clerk of the district court in the county where such bank is located. Receivers of all insolvent banks shall make reports to the bank commissioner in the same manner as is required of other banks, and shall cause such statements to be published in like manner.~~ Any receiver of an insolvent bank who shall fail fails to comply with the provisions of this section, or who shall neglect or refuse to submit the

~~affairs--of--such-bank-to-an-examination-by-the-bank-commissioner~~  
~~or-the-commissioner's-deputy,~~ subsection (a) of K.S.A. 9-1912,  
and amendments thereto or who ~~shall-violate~~ violates any of the  
provisions of this act relating to the examination of banks,  
shall be subject to the same penalties provided for officers or  
employees of banks.

Sec. 3. K.S.A. 9-1912, 9-1913 and 9-2007 are hereby  
repealed.

Sec. 4. This act shall take effect and be in force from and  
after its publication in the statute book.

BILL NO. \_\_\_\_\_

AN ACT concerning banks and banking; relating to the change of name thereof.

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

Section 1. No bank corporation shall change its existing name until such name change has been submitted to and approved by the state banking board.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

BILL NO. \_\_\_\_\_

AN ACT concerning banks and banking; relating to the change of name thereof.

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

Section 1. No bank corporation shall change its existing name until such name change has been submitted to and approved by the state banking board.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

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Sec. 3. K.S.A. 9-1912, 9-1913 and 9-2007 are hereby  
repealed.

Sec. 4. This act shall take effect and be in force from and  
after its publication in the statute book.

Attachment III

# RLSI Kansas League of Savings Institutions

JAMES R. TURNER, President • Suite 612 • 700 Kansas Ave. • Topeka, KS 66603 • 913/232-8215

February 4, 1986

TO: HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS  
FROM: JIM TURNER, KANSAS LEAGUE OF SAVINGS INSTITUTIONS  
RE: H.B. 2749 (CASH DIVIDENDS BY STOCK ASSOCIATIONS)

House Bill No. 2749 would allow state-chartered guarantee stock associations to pay cash dividends provided they meet the net worth requirements of the Federal Savings and Loan Insurance Corporation (FSLIC). Previous restrictions tied such dividends to a percentage of withdrawable capital and would be deleted by amending K.S.A. 17-5423.

The passage of H.B. 2749 would create equity between state-chartered and federally-chartered in the payment of cash dividends and would reduce the pressure on some state-chartered institutions to switch their charter.

Further, the bill is a response to the Special Order of the Commissioner issued on May 31, 1985, equalizing powers in this area. A copy of the Order has been attached for review by the Committee.

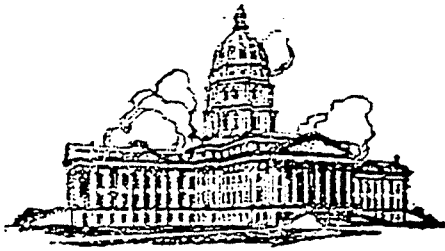
We would appreciate the committee's earliest consideration of reporting H.B. 2749 favorably for passage.

James R. Turner  
President

JRT:et

Attachment III  
2/4/86  
House C&FI Committee





*Savings and Loan Department*

Room 220  
503 Kansas Avenue  
TOPEKA, KANSAS 66603

JOHN CARLIN, *Governor*  
MARVIN S. STEINERT, *Commissioner*

SPECIAL ORDER OF THE COMMISSIONER

The Savings and Loan Commissioner hereby enters a Special Order pursuant to K.S.A. 17-5601, which provides that the Commissioner may authorize any and all state-chartered savings and loan associations to engage in any activity in which such associations could engage were they operating as a federal savings and loan association. The Commissioner hereby finds it is necessary to adopt this Special Order; that this Special Order is reasonably required to preserve and protect the welfare of state-chartered savings and loan associations and that it will promote competitive equality of state and federal savings and loan associations. This Special Order hereby grants the following powers to state-chartered savings and loan associations to equalize powers granted to federal associations.

Notwithstanding any restrictions contained in the statutes of the State of Kansas, a state-chartered savings and loan association which meets the net worth requirements of the insuring entity providing insurance of accounts as required by K.S.A. 17-5824, may pay cash dividends on its guarantee stock. The rate of dividend shall be fixed by the Board of Directors. Stock dividends may be payable out of otherwise unallocated surplus.

Signed and sealed this Thirty First Day of May, 1985 at Topeka, Kansas.

Marvin S. Steinert  
Savings and Loan Commissioner  
State of Kansas

SEAL

This Special Order specifically approved by the Savings and Loan Board at a regular meeting held May 31, 1985.

**RLSI** Kansas  
League of  
Savings  
Institutions

Attachment <sup>Ti</sup>

JAMES R. TURNER, President • Suite 612 • 700 Kansas Ave. • Topeka, KS 66603 • 913/232-8215

February 4, 1986

TO: HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS  
FROM: JIM TURNER, KANSAS LEAGUE OF SAVINGS INSTITUTIONS  
RE: H.B. 2750 (TECHNICAL CORRECTION - FINANCE SUBSIDIARY STATUTE)

House Bill No. 2750 would correct a clerical mistake contained in L. 1985 Chapter 87 (H.B. 2107) passed last year. The 1985 legislation was in response to a Special Order of the Commissioner issued September 21, 1984, equalizing powers among state-chartered associations with federally-chartered associations in the area of finance subsidiaries. A copy of the Special Order has been attached for committee review.

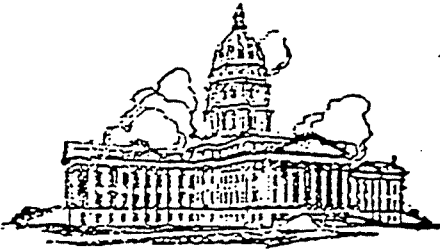
The clerical mistake is corrected on line 29 of H.B. 2750 by the deletion of a comma. The deletion of the comma makes clear the authority to borrow and issue notes, bonds, etc....can be direct by the association or through a wholly-owned finance subsidiary. This would maintain parity between state-chartered and federally-chartered institutions.

We would appreciate the committee's earliest consideration of reporting H.B. 2750 favorably for passage with additional consideration to having the bill placed on the Consent Calendar.

James R. Turner  
President

JRT:et

Attachment IV  
2/4/86  
House C&FI Committee



*Savings and Loan Department*

Room 220  
503 Kansas Avenue

TOPEKA, KANSAS 66603

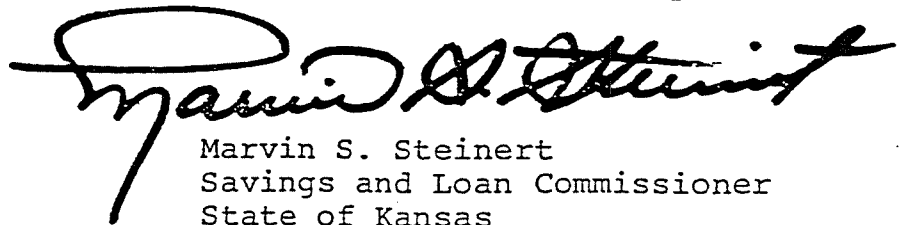
JOHN CARLIN, Governor  
MARVIN S. STEINERT, Commissioner

SPECIAL ORDER OF THE COMMISSIONER

The Savings and Loan Commissioner hereby enters a Special Order pursuant to K.S.A. 17-5601, which provides that the Commissioner may authorize any and all state chartered savings and loan associations to engage in any activity in which such associations could engage were they operating as a federal savings and loan association. The Commissioner hereby finds it is necessary to adopt this Special Order; that this Special Order is reasonably required to preserve and protect the welfare of state chartered savings and loan associations and that it will promote competitive equality of state and federal savings and loan associations. This Special Order hereby grants the following powers to state chartered savings and loan associations to equalize powers granted to federal associations.

Notwithstanding any restrictions contained in the statutes of the State of Kansas, a state chartered savings and loan association which is a member of a federal home loan bank may, without limitation as to aggregate amount, borrow, give security, and issue notes, bonds, debentures, or other obligations, or other securities, including capital stock, directly or indirectly through a finance subsidiary, and may invest in, transfer or make available assets to any such finance subsidiary, to the same extent it could if it were a federal savings and loan association, subject to the provisions of 12 C.F.R. Parts 561-571 and 12 C.F.R. 545.82.

Signed and sealed this 21st Day of September, 1984 at Topeka, Kansas.

  
Marvin S. Steinert  
Savings and Loan Commissioner  
State of Kansas

SEAL

This Special Order specifically approved by the Savings and Loan Board at a regular meeting held September 21, 1984.

Attachment V

# **FLSI** Kansas League of Savings Institutions

JAMES R. TURNER, President • Suite 612 • 700 Kansas Ave. • Topeka, KS 66603 • 913/232-8215

February 4, 1986

TO: HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS  
FROM: JIM TURNER, KANSAS LEAGUE OF SAVINGS INSTITUTIONS  
RE: H.B. 2751 (CONVERSION MUTUAL TO STOCK FORM)

House Bill No. 2751 repeals K.S.A. 17-5425 and replaces it with language that will facilitate conversions of a state-chartered association from mutual to stock form. The bill also amends K.S.A. 17-5306 to further facilitate this process.

This proposal is patterned after model legislation, similar to what was recently enacted in Missouri, and would eliminate the need for state-chartered associations to convert to federal charters in order to avoid the present cumbersome stock conversion process. This statute was last amended in 1955.

House Bill 2751 would provide for the issuance of rules and regulations by the State Savings and Loan Commissioner governing the conversion process. Such regulations could encompass federal regulations but could not include provisions that would preclude FSLIC insurance.

The plan of conversion would have to be approved by the State Savings and Loan Commissioner, the FSLIC, the majority of the Board of Directors of the Association, and by a majority of the members of the association at an annual or special meeting; in person or by proxy.

The conversion to stock associations has in recent years been an extremely value tool for many associations to increase their capital and improve their net worth. The modernization of Kansas statutes will allow state-chartered associations to avail themselves of this opportunity in a manner similar to what is now available to federally-chartered associations.

Accordingly we would appreciate the committee's consideration of reporting H.B. 2751 favorably for passage.

James R. Turner  
President

JRT:et

Attachment V  
2/4/86  
House C&FI Committee