

Approved March 4, 1986
Date

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./~~p.m.~~ on February 28, 1986 in room 529-S of the Capitol.

All members were present except:

Committee staff present:

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

Conferees appearing before the committee: None

The minutes of February 27 were approved.

Discussion which had begun yesterday continued on SB 636 dealing with detached auxiliary banking services facilities. For the benefit of committee members who had not been able to be present previously, staff explained the provisions of the bill which are found in subsection (f).

Sen. Werts said there is a flaw on line 103 of the bill regarding the language "ceases doing business". The bill does not state when it must have ceased. Discussion followed as to if it would be possible to reopen closed banks with this language in the bill. Sen. Kerr asked if the bill is aimed at an existing problem and if it would continue to be a problem. The chairman said the reason for this bill is that one bank in particular wants to use it. He said that the committee could adopt the concept of the bill, reject the concept, or come to a consensus to leave it in committee due to the flaws.

Sen. Werts said he feels there is an existing problem in Kansas and observed that the state has too many banks per capita. Sen. Kerr said that people in these small communities, especially the elderly, feel that their banks are necessary, and the bank keeps the town together. Sen. Werts said the orderly progression would be to establish a branch in these small dying towns until such a time as the towns cease to exist.

The chairman returned the discussion to the flaw of the bill as noted by Sen. Werts. Sen. Werts explained that the bill places no limit on how far back a bank could go to acquire remnants of what had been a bank. The intent of the bill is to have it be a simultaneous event, but the language does not reflect this. Language such as, "which has ceased doing business as a bank within one year" is needed.

Sen. Kerr wondered if it were limited to one-bank towns, does it really need a time limit because it appears there would be no harm in this case. Discussion followed as to the way the bill is written which could allow banks closed many years to be reopened.

Discussion followed as to how to amend the bill to clarify it. The chairman said that Sen. Doyen had the bill introduced to be of help in a particular instance which fits the bill. He said that more discussion should be held about adopting the concept of the bill before discussing amending the language. Some committee members felt that the concept would be valid if it would provide service for one-bank towns.

Sen. Werts made a conceptual motion that the bill be limited to one-bank towns. Sen. Reilly seconded the motion.

Sen. Strick made a substitute motion to hold SB 636 in committee for further study. Sen. Warren seconded. The chairman said it could be possible to have an interim study on the subject and that he sensed a lot of uncertainty about the bill and a feeling that it needs more thought put into it. Upon a call for a vote on Sen. Strick's motion, the motion carried.

The meeting was adjourned.

SENATE COMMITTEE

ON

FINANCIAL INSTITUTIONS AND INSURANCE

OBSERVERS
(Please print)

DATE NAME ADDRESS REPRESENTING

Pete McSice
Jane Wright

Topeka
Topeka

KIBA
KCUK