

Approved February 5, 1987
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 4, 1987 in room 529-S of the Capitol.

All members were present except:

Sen. Warren - Excused

Committee staff present:

Bill Wolff, Legislative Research
Myrta Anderson, Legislative Research
Bill Edds, Revisor of Statutes

Conferees appearing before the committee:

Pete McGill, Kansas Independent Bankers Association
John Tincher, Kansas Independent Bankers Association
Howard Tice, Kansas Association of Wheat Growers
Ivan Wyatt, Kansas Farmers Union

The minutes of February 3 were approved.

The hearing began for opponents of SB 72 dealing with branch banking. Pete McGill, Kansas Independent Bankers Association, testified first noting that he has opposed branch banking in the past. He reminded the committee that last year the Independent Bankers developed SB 432 (restricted branch banking), but now SB 72 abolishes everything that SB 432 accomplished even though SB 432 has been working very well, and no one knows the ramifications of SB 72. Mr. McGill feels that SB 72 is legislation for the bankers whereas in the past legislation has been in the interest of helping the public. He concluded that the larger you get, the less service there is for the public and drew the committee's attention to a newspaper article relevant to his point. (See Attachment I.) He then introduced John Tincher, President of the Kansas Independent Bankers Association, for further testimony. (See Attachment II.)

Howard Tice, Kansas Association of Wheat Growers, followed with further testimony. (See Attachment III.)

Final testimony was given by Ivan Wyatt, President of the Kansas Farmers Union. Mr. Wyatt explained that he is also a farmer and is concerned about what becomes of banks that serve rural Kansas. He said much is heard about economic development but more emphasis should be on economic redevelopment that is needed by agriculture. He continued that locally owned and controlled banks stand by farmers, but when the control passes on to an outside owner, they will no longer handle farmers' loans. He noted that newspaper advertisements by urban banks do not solicit farm loans; it's the local banker that is interested in farmers. Agriculture is important to Kansas economical development. When funding of agricultural loans is curtailed, it forces agriculture related businesses to shutdown. Mr. Wyatt feels that before more changes are made in banking laws, we should see how the present law works.

Sen. Werts questioned Mr. Tice with regard to the last sentence on the first page of his testimony. Mr. Tice said he has been informed that ag loans are being refused when banks are purchased even if they are good and so the FDIC calls the loan. Mr. Tincher added that the purchaser of the bank has a ninety day option to pass back loans it doesn't want to the FDIC, and if their policy is not to deal with ag loans, they are thrown back to the FDIC. Sen. Werts asked Mr. Tincher if the KIBA had surveyed the banks as had the Kansas Bankers Association, and Mr. Tincher said they had not. Sen. Kerr asked Mr. Tincher if Commissioner Barrett supports the concept of SB 72, and he answered that he does support it.

Sen. Karr questioned Mr. Tincher as to if the KIBA would find countywide branch banking acceptable. Mr. Tincher explained why the KIBA would object to countywide branch banking. As a clarification for part of this discussion, Harold Stones of the Kansas Bankers Association explained that the KBA's survey was not multiple choice and that the majority of bankers answered in favor of countywide branch banking over statewide.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,
room 529-S, Statehouse, at 9:00 a.m./~~p.m.~~ on February 4, 1987.

Sen. Strick discussed briefly with Mr. Tincher that there is no time limit in SB 72 in which a bank can be closed, but in SB 432 there is a two year moratorium. Mr. Tincher said the protection in SB 432 is not in SB 72.

The chairman questioned Mr. Tincher in regard to his participation in the Task Force on Economic Development. He asked how much time was spent on this issue. Sen. Kerr who served as chairman of the task force said this was dealt with in two or three meetings but that he did not know how much time was spent. Also, their conclusion was prior to the results of KBA's survey. The chairman asked if there had been any recognition of the giant steps that have been taken in banking. Sen. Kerr said the only mention was that it has been minuscule as compared to other steps taken by other financial institutions. The chairman asked staff to get copies of the task force proceeding prior to the committee taking SB 72 up for discussion.

A short discussion by Sen. Werts and questions by Sen. Strick to Mr. Tincher followed regarding possibilities of solving the problems surrounding ag loans.

Senate Bill 72 was taken under advisement, and the meeting was adjourned.

SENATE COMMITTEE

ON

FINANCIAL INSTITUTIONS AND INSURANCE

OBSERVERS
(Please print)

DATE	NAME	ADDRESS	REPRESENTING
2/4/87			
	Ivan W. Wyatt	M'Pherson, Mo	Kansas Farmers Union
	John Finches	Lyndon	K I B A
	Sue Anderson	Carbondale	K I B A
	Mary Parks	Carbondale	K I B A
	Jack McBride	Topeka	K I B A
	Debie Fincher	Lyndon	K I B A
	Deanne Vaux	Topeka	Ks Dept of Commerce
	KEVIN S. WICKIIEE	LAWRENCE	Senator Malick
	Laurie Hartman	Topeka	Kansas Bar Assoc.
	LINDA MCGILL	TOPEKA	K I B A
	CJ Schwab	Topeka	Landmark
	Bob Schifers	Pittsburg	1st Federal
	BOB GRANT	TOPEKA	KCCI
	Larry Kimmel	Topeka	Highland Park Bank
	Harold Stoner	Topeka	KRBA
	Jimmie May	"	"
	John J. Baker	Topeka	observer
	Conita H. O'Grady	Topeka	Kansas Banking Department
	Gae Armstrong	Topeka	Kansas Banking Department
	Lynne Kent Galt	Topeka	KLSI
	Duane Byers	Kingman	
	LARRY MAGILL	TOPEKA	IIA
	Lawrence Wilbert	Pittsburg	state Rep.

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Wichita	\$2.40	+0.01	● Hogs-Clearwater	n/a	n/a

Morning Line

Six Banks in 4 States Are Closed by FDIC

The Federal Deposit Insurance Corp., whose chairman said last week that a "sizable increase" in bank failures was likely this year, announced Friday that it has closed six banks in four states.

The agency said the failed banks, all ordered closed Thursday, included one each in Indiana, Missouri and Oklahoma and three in Texas. That maintains a pattern of bank failures in farm and oil states.

The large number of closures in a single day is unusual, but not unique. On May 31, 1985, seven banks in four states were told to close their doors, although that was described as the largest number of banks to fail in a single day since the FDIC began operations in 1934.

The banks closed were Farmers National Bank of Remington, Ind.; First State Bank of Pattonsburg, Mo.; Peoples Bank & Trust Co., Holdenville, Okla.; The La Pryor, Texas, State Bank; Montgomery County Bank, N.A., The Woodlands, Texas; and Bear Creek National Bank, Bear Creek, Texas.

Business Briefings

Piedmont discounts speculation — A Piedmont Airlines spokesman says Wichita continues to be one of a number of cities around the country under consideration as a new hub and on Friday labeled as speculation any reports about what a possible merger with Norfolk Southern Inc. would do to the airline's expansion plans. Ken Carlson, Piedmont manager of public relations, declined to comment on whether talks are going on between Piedmont and the Richmond, Va.-based railroad company. This week, Piedmont acknowledged that Norfolk Southern might be interested in increasing its 19.4 percent stake in Piedmont.

Boeing sells 3 jetliners — A West German charter airline has ordered three Boeing 757s in a deal valued at more than \$130 million. The order is the first from Boeing by Lufttransport-Unternehmen K.G., a charter carrier based in Duesseldorf. Boeing Military Airplane Co. in Wichita makes the nose section and some body panels on all 757 models.

People

Bank IV dropping passbook account — The 5½ percent passbook savings account, one of the last survivors from the era of regulated banking, is set to disappear from the state's largest bank. Starting Monday, Bank IV-Wichita will no longer open new passbook accounts, and will charge \$2 a month for existing accounts with less than \$200. Bank IV will open only Money Market savings accounts, which are paying interest at the lesser rate of 5¼ percent. So far, no other Wichita bank has followed Bank IV's lead.

Garden City to study proposal — Garden City's Commission has asked its staff to review the latest proposal from Sunflower Electric Cooperative, which would cut about 9 percent from the city's electric bill each of the next two years. Garden City has threatened to terminate its contracts with the ailing Hays-based utility because of high utility rates.

Earnings

ElDorado Motor Corp.: Second-quarter earnings dropped despite a 16 percent increase in revenues. Net income was \$30,000, or 1 cent a share; on revenues of \$17.9 million. That compared with \$212,700, or 8 cents a share, and revenue of \$15.4 million in the year-earlier period.

McDonnell Douglas: Fourth-quarter profit slipped 2.3 percent to \$92.6 million, or \$2.29 a share, but revenue rose 12.6 percent to \$3.48 billion. For the year, profit fell 19.5 percent to \$277.5 million, or \$6.86 a share, on a 10.4 percent increase in sales to \$12.66 billion.

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TESTIMONY
before the
SENATE COMMITTEE
on
FINANCIAL INSTITUTIONS & INSURANCE
RE: SB 72

by
John C. Tincher
Kansas Independent Bankers Assn.

February 4, 1987

TESTIMONY

before the

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

John C. Tincher

February 4, 1987

Mr. Chairman and Members of the Committee:

I'm John Tincher, President of the Lyndon State Bank of Lyndon, Kansas and President of the Kansas Independent Bankers Association. I am here on behalf of the Kansas Independent Bankers Association to state our position on Senate Bill 72.

Our organization has been criticized for being opposed to bank structure change and we have been accused of standing in the way of progress. Let me say that our philosophy has basis in historical fact. Our views are shared by many economists today.

POLL FOR BANK OWNERS

In early November, the Kansas Bankers Association (KBA) sent a poll to all Kansas bank owners and/or majority stockholders asking their choice of three "flavors" of branch banking and their preference for interstate banking. The questionnaire instructed respondents to "answer each question as though it is the only alternative available--."

As you may or may not know, the choice of the largest number of responding bank owners was county-wide branching not statewide branch banking. The majority opposed interstate banking. After the poll the KBA Governing Council then voted for statewide branching which we have in SB 72.

But before too much credence is given to the poll of the bank owners - whether it was properly submitted or not - we would like to point to a quote by Governor Robert Orr of Indiana who said, "Banking is too important to the economy of the state to be decided by bankers. The issue is what banking laws are best for the state's businesses, farmers and citizens.

WHO'S MONEY IS IN KANSAS BANKS

To substantiate that quote remember that about ten percent of the money in a bank belongs to the bank owners - the stockholders. The other 90% belongs to the depositors - the people to whom Governor Orr refers.

GIVE CURRENT STRUCTURE TIME TO WORK

Bank owners of Kansas were not given a chance to respond to the question, "Would you prefer to give multibanking and failed bank legislation time to work before changing bank structure again?" We believe the answer would have been favorable to stabilizing bank structure not changing it yet again.

In a September 25, 1986 article of the Topeka Capital-Journal, Jim Maag, KBA Director of Research, was quoted as saying he believes the limited branching law (SB 432) has achieved the goals designed for it. Yet SB 72 would repeal the law passed by the legislature just last year. There must be other motives involved.

If providing banking services for small towns is the real motive why should the provision in SB 432 be repealed.

U.S. BRANCH CLOSINGS PREVELANT

In 1984 and 1985, 1,728 branches of banks closed in the U.S. The September, 1983 issue of Bankers Magazine reported, "In the past five years it has become evident to retail bankers that a network of full service branches is no longer viable."¹

Maybe you are being asked to approve something that is on its way out. California has had branch banking since 1909 and now leads the nation in new charters for independent banks.

Keep in mind that when a branch closes, the deposits merely go to the home office. They don't stay with the building as they do when a bank sells.

In January of 1986, First Bank System, Inc., of Minneapolis, Minnesota, the nation's 14th largest bank holding company, announced the sale of the first of 45 banks and branches it intended to sell at auction.

Pete Ankeny, First Bank System's Chairman and Chief Executive Officer, said of the sales, "It appears that most of the banks and offices will have purchase offers by employees, directors, and local community representatives as we had hoped. We remain convinced that a locally-owned community bank can more effectively serve a small community market than a large multistate banking system such as ours."²

INCONSISTENT ARGUMENTS

The philosophy of independent bankers is at least consistent. Not so with proponents of structure change.

In 1982, Lynn Anderson of Lawrence stood before an interim legislative hearing with testimony for multibanking. He said, "If you have branching, you don't have local boards, and you may or may not have local representation basically through your management. A local board of directors makes a big difference."

Local boards still make a big difference. We have been saying this all along.

Dean Haddock of Beloit told you in 1985 when speaking in favor of MBHCs, "We are absolutely convinced that this is the best answer for the agricultural area of Kansas that we serve." Now, just two short years later - it is not the best answer. Statewide branching is the latest theme.

Bank Commissioner Eugene Barrett said, (on MBHCs) "I urge you to recommend such a bill to legislature as being in the best interest of the banking industry of Kansas, and in order to give our office all the necessary tools to most effectively deal with any future bank failures in Kansas."

The House was told by Robert Story, lobbyist for bankers wanting loans in facilities (or citywide branching) in testimony for loans in facilities in 1978, "We could not agree more that a MBHC is a monopoly concept." Same proponents. Same song with many verses.

THE RUNG AT THE TOP IS MONOPOLY

And the consistency of the testimony by independent banks is that each rung in this ladder called liberal banking adds to the concentration of the control of the people's financial resources.

We believe that this is history repeating itself in a dangerous way.

"EVERYONE ELSE IS DOING IT"

Why must we have branch banking because other states are do. Yet it's a familiar cry. But has anyone found one example where branch banking helps other states with economic development? There are no examples to be found.

Federal economist Jerome C. Darnell said, in discussing the merits and dangers of branch banking "--the kinship of

structure and growth is too weak to support change in banking law in the belief that higher levels of economic growth can be reached--."3

MORE THAN ONE SIDE

We are continually told that branching and MBHCs will enhance competition and benefit the consumer.

Federal economist Larry R. Mote has said in conclusions from six studies, "In smaller towns and villages, those usually expected to benefit from expanded branching, the average number of banking offices differs little between branch and unit states.

"There are grounds for concluding that branching is conducive to anti-competitive changes in bank market structure."4

S&L COMPETITION

It has been said that savings and loan branching laws give them distinct advantages over banks. A chart distributed to legislators by the KBA shows that 7 of the 10 largest financial institutions in our state are S&Ls.5

Franklin Savings Association, at the top, is 7.5% bigger than 5 of the next 9 institutions at \$3,481,398,000. That reflects 1,744% growth in the past five years.

Has this branching system been of benefit to the people of Kansas? Has this branching system promoted economic growth in our state?

Figures provided by the American Banker indicate that Franklin carries 82.15% of its assets in mortgage-backed pass-through securities.⁶ Through those instruments, that money is loaned OUTSIDE of Kansas.

The figures tell you that \$2,859,838,000 in Kansas capital has left the state through a branching system that KBA is asking you to expand.

KANSAS AND KANSANS

Kansas independent bankers are for economic development. We want to get this economy back on its feet as much as you do. But \$50 million dollars to be provided by Kansas Venture Capital seems like a futile effort when one institution bleeds the state of \$2 billion of our resources.

Did 150 plants or production lines leave Kansas in 1986⁷ and take 10,000 jobs with them because of lack of venture capital? No.

Let's turn our attention to the causes of our present problems. Solutions cannot be found in dealing with effects. We must first recognize and deal with the cause.

In 82 pages written to the Task Force on Capital Markets an economic consultant, Beldon Daniels, uses the word "agriculture" three times.

Once in passing and once in chastising the First National Bank in Chanute in not recognizing their ag problems as "profound structural change" and not a "passing cyclical decline". And finally he mentions the "--difficulty (for banks) diversifying out of agriculture." Perhaps Mr. Daniels and some others have given up on agriculture.

Kansas independent banks have been dealing with some effects of the crisis - as has Commissioner Barrett - until we are all worn and very tired. We have determined that more time must be spent in recognizing the cause and dealing with it - or the only way of life we have known will go by the wayside.

Rural people "is" the farmer and us ... and we share the trouble.

Yet Kansas independent bankers are determined to deal with the cause and weather the effects until a solution is found. We want to help assure Kansans that Kansas capital will remain with banks that the farmer, the small business, and the individual can deal with when our problems are solved.

I urge you to vote to defeat of SB 72. Economic stress will not be eased by branch banking any more than multibank holding companies have eased our stress.

Nebraska has found that out. Oklahoma knows that too. So do all of the other 17 states with branch banking laws who have experienced bank failures this past year.

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FOOTNOTES

¹R. O. Metzger and S. E. Rau, "Don't Downgrade Branches," Bankers Magazine, September, 1983, pp. 68+.

²John Morris, "First Bank System Makes First Sale in Great Bank Auction," American Banker, January 1986.

³Business Review-Federal Reserve Bank of Philadelphia, "Does Banking Structure Spur Economic Growth", November, 1972.

⁴Business Conditions-Federal Reserve Bank of Chicago, "The Perennial Issue: Branch Banking", February, 1976.

⁵Kansas Bankers Association, Position Paper to Kansas Senators, January 28, 1987.

⁶American Banker, "Top 50 Mortgage Holders", 23 Jan. 1987.

⁷Kansas City Times article, 23 Dec. 1986.

American Banker

3

First Bank System Makes First Sale in Great Bank Auction

By JOHN MORRIS

CHICAGO — The Midwest's great bank auction began on Thursday as First Bank System Inc. of Minneapolis announced the sale of the first of the 45 community banks and branches it is putting on the block.

Last August the \$24.4 billion-asset bank holding company said it would restructure its assets by selling off 28 banks and 17 branches with combined assets of \$1.76 billion, which together account for about half of First Bank System's total agricultural loans. The banks were to be offered to their employees and directors before being put up for grabs.

The first sale — of the profitable \$34 million-deposit First Bank Sauk Centre in central Minnesota — was made to seven of the bank's employees, including the bank's president, Dale Emmel; three of its directors, and two members of the community. Sauk Centre was the boyhood home of Sinclair Lewis and the setting for several of his novels.

The deal is essentially a leveraged buyout, but it does not appear at this stage that First Bank System will provide the financing. Price details were not announced; the final price will depend on how many loans or loan participations First Bank will take off the Sauk Centre bank's books.

Pete Ankeny, First Bank System chairman and chief executive officer, said negotiations are under way for the sale of 27 other banks and that another 10 to 12 transactions probably will be announced in the first quarter.

"It appears that most of the banks and offices will have purchase offers by employees, directors, and local community representatives as we had hoped," he said. The sales should not have any material impact on First Bank's earnings, he added.

Mr. Ankeny predicted that First Bank Sauk Centre would do very well under local ownership. "We remain convinced that a local-owned commu-

nity bank can more effectively serve a small community market than a large multistate banking system such as ours," he said. The Sauk Centre bank's loans are only 20% agricultural, the rest commercial, real estate, or auto.

Mr. Ankeny added that First Bank System will concentrate on activities and markets where it has a distinct competitive advantage and can bring added value to its customers. A good part of that focus, he explained, will be on expanding First Bank System's presence in regional trade centers which, in turn, serve smaller communities within their market area.

First Bank System is the 14th largest bank holding company in the U.S. and comprises First Bank Minneapolis, First Bank Saint Paul, and 76 other banks and trust companies. First Bank System has 148 banking offices in Minnesota, North Dakota, South Dakota, Montana, and Wisconsin, and it has a trust company in Florida. ■

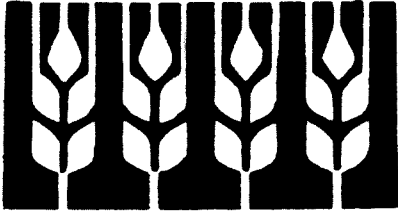
Top 50 Thrifts in Mortgage Security Holdings

Based on Mortgage-Backed Pass-Through Securities Held in Portfolios on June 30, 1986
(Dollar Amounts in Thousands)

Compiled by American Banker Copyright 1986

Rank 6/86		Total Mortgage Securities			Total Assets		Mortgage Sec. to Assets (%)		Interest Earned on Mortgage Securities			Operating Income 6/30/86	Mortgage Int. Earned to Operating Inc. 6/30/86
		6/30/86	6/30/85	% Chg.	6/30/86	6/30/85	6/30/86	6/30/85	6/30/86	6/30/85	% Chg.		
1	American Savings & Loan Assn., Stockton, Calif.	10,945,648	6,363,005	72.02	29,179,482	27,724,422	37.51	22.95	193,657	171,174	13.13	606,401	31.94
2	First Federal of Michigan, Detroit	3,944,393	3,176,672	24.17	10,550,686	9,095,913	37.39	34.92	81,834	93,682	-12.65	255,735	32.00
3	Gibraltar Savings, Beverly Hills	3,919,130	891,496	339.61	10,358,704	7,401,827	37.83	12.04	92,141	21,238	333.85	269,589	34.18
4	Standard Federal Bank, Troy, Mich.	2,905,507	1,013,064	186.80	7,455,032	5,483,007	38.97	18.48	60,641	31,176	94.51	156,768	38.68
5	Franklin Savings Assn., Ottawa, Kan.	2,859,838	1,539,543	85.76	3,481,398	1,783,400	82.15	86.33	74,656	44,741	66.86	89,264	83.64
6	Columbia Savings & Loan Assn., Beverly Hills	2,569,023	1,440,504	78.34	7,322,457	5,781,153	35.08	24.92	67,294	53,254	26.36	237,264	28.36
7	Glendale Federal Savings & Loan Assn., Calif.	2,373,245	1,813,956	30.83	15,966,689	12,707,282	14.86	14.27	58,772	47,780	23.01	403,076	14.58
8	Home Savings of America FA, Irwindale, Calif.	2,359,816	2,417,769	-2.40	27,878,939	24,635,601	8.46	9.81	92,823	78,432	16.35	722,620	12.85
9	Crossland Savings, FSB, Brooklyn, N.Y.	2,337,616	1,090,870	114.29	7,855,960	6,547,935	29.76	16.66	42,849	21,509	98.21	163,597	26.19
10	World Savings, FS&LA, Oakland, Calif.	2,319,247	2,312,488	0.29	12,214,404	11,480,001	18.99	20.14	59,971	73,642	-18.56	325,564	18.42
11	Homestead Savings, FS&LA, San Francisco	2,247,797	596,414	276.89	5,060,565	3,306,314	44.42	18.04	55,676	18,106	207.50	135,009	41.24
12	Guardian Savings & Loan Assn., Houston	2,040,426	1,880,957	8.48	2,579,081	2,224,077	79.11	84.57	41,935	56,800	-26.17	57,504	72.93
13	TCF Banking & Savings, FA, Minneapolis	2,033,285	1,371,769	48.22	5,823,743	4,526,506	34.91	30.31	52,943	36,489	45.09	136,585	38.76
14	United Savings Assn., Houston	1,948,247	1,084,016	79.72	5,615,049	4,428,817	34.70	24.48	48,427	23,115	109.50	131,465	36.84
15	Benjamin Franklin Federal S&L Assn., Portland, Ore.	1,618,001	1,631,704	-0.84	4,394,547	3,861,452	36.82	42.26	49,101	51,085	-3.88	122,199	40.18
16	Coast Savings & Loan Assn., Los Angeles	1,521,687	541,788	180.86	8,044,701	6,297,860	18.92	8.60	33,683	19,218	75.27	200,403	16.81
17	Anchor Savings Bank FSB, Northport, N.Y.	1,410,116	677,087	108.26	7,328,381	4,393,222	19.24	15.41	31,267	15,850	97.27	168,885	18.51
18	Goldome FSB, Buffalo, N.Y.	1,392,152	1,185,564	17.43	12,290,494	11,353,425	11.33	10.44	26,237	23,455	11.86	272,359	9.63
19	Carteret Savings Bank, FA, Morristown, N.J.	1,390,914	1,202,955	15.62	5,345,308	5,103,287	26.02	23.57	35,218	35,514	-0.83	136,094	25.88
20	Community Federal S&L Assn., St. Louis, Mo.	1,379,688	548,382	151.59	4,363,265	3,548,136	31.62	15.46	28,242	15,025	87.97	97,948	28.83
21	Talman Home Federal S&L Assn., Chicago	1,297,827	1,359,376	-4.53	5,834,376	6,297,087	22.24	21.59	33,768	39,886	-15.34	137,795	24.51
22	Northeast Savings, FA, Hartford, Conn.	1,264,443	882,096	43.35	5,276,220	4,070,444	23.97	21.67	30,185	22,044	36.93	121,769	24.79
23	City Federal Savings Bank, Elizabeth, N.J.	1,208,013	370,942	225.66	10,194,595	7,982,888	11.85	4.65	31,835	7,540	322.21	269,992	11.79
24	MeraBank, FSB, Phoenix, Ariz.	1,197,990	1,331,593	-10.03	5,322,461	4,753,633	22.51	28.01	34,191	37,080	-7.79	157,516	21.71
25	Gibraltar Savings Assn., Houston	1,114,286	556,229	100.33	5,276,174	4,202,257	21.12	13.24	30,760	5,440	465.44	116,919	26.31
26	Santa Barbara Savings & Loan Assn., Calif.	1,075,101	454,856	136.36	3,416,953	2,694,323	31.46	16.88	24,709	10,297	139.96	84,489	29.25
27	Great Western Savings FS&LA, Beverly Hills	975,326	684,626	42.46	23,166,716	21,756,122	4.21	3.15	29,176	31,914	-8.58	642,441	4.54
28	Imperial Savings Assn., San Diego, Calif.	967,451	154,039	528.06	7,957,387	7,589,305	12.16	2.03	26,172	9,596	172.74	205,903	12.71
29	Dime Savings Bank of New York FSB, New York	965,306	837,895	15.21	7,999,700	7,618,850	12.07	11.00	19,705	19,191	2.68	198,027	9.95
30	First Federal Savings & Loan Assn., Rochester, N.Y.	959,049	1,063,820	-9.85	4,635,586	4,496,060	20.69	23.66	24,568	27,226	-9.76	116,856	21.02
31	Bright Banc Savings Assn., Dallas	950,540	514,382	84.79	4,612,430	2,149,708	20.61	23.93	18,798	16,816	11.79	100,675	18.67
32	Florida Federal S&L Assn., St. Petersburg	916,197	617,055	48.48	5,194,406	4,802,187	17.64	12.85	23,896	17,288	38.22	104,025	22.97
33	Georgia Federal Bank, FSB, Atlanta	902,983	97,472	826.40	3,086,980	2,414,129	29.25	4.04	12,178	3,132	288.83	70,630	17.24
34	California Federal S&L Assn., Los Angeles	901,723	1,419,763	-36.49	19,253,289	16,628,729	4.68	8.54	29,430	48,505	-39.33	481,287	6.11
35	Pacific First Federal Savings Bank, Tacoma, Wash.	899,420	66,192	1,258.80	3,627,491	2,613,750	24.79	2.53	28,266	1,342	2,006.25	97,604	28.96
36	Seamen's Bank for Savings FSB, New York	885,245	371,128	138.53	3,189,257	3,091,155	27.76	12.01	20,258	7,313	177.01	80,306	25.23
37	Commercial Federal S&L Assn., Omaha, Neb.	869,511	442,098	96.68	3,001,023	2,552,149	28.97	17.32	22,107	11,880	86.09	77,916	28.37
38	Centrust Savings Bank, Miami	827,480	736,432	12.36	5,421,883	4,347,439	15.26	16.94	23,447	25,664	-8.64	149,713	15.66
39	Columbia Savings, FS&LA, Denver	804,822	409,031	96.76	2,660,310	2,526,705	30.25	16.19	18,046	15,894	13.54	63,299	28.51
40	Empire of America FSB, Buffalo, N.Y.	804,509	238,393	237.47	6,256,640	5,784,367	12.86	4.12	18,203	5,980	204.40	153,929	11.83
41	Fortune Federal S&L Assn., Clearwater, Fla.	764,000	684,867	11.55	2,155,506	1,890,792	35.44	36.22	17,933	14,359	24.89	53,295	3?
42	First Nationwide Bank, FSB, San Francisco	762,465	795,688	-4.18	12,995,194	10,491,296	5.87	7.58	18,121	22,066	-17.88	321,633	
43	First Texas Savings Assn., Dallas	742,186	523,915	41.66	3,902,537	3,606,386	19.02	14.53	15,701	11,505	36.47	87,331	1?
44	Long Island Svgs Bank of Centereach FSB, N.Y. (a)	724,673	973,774	-25.58	3,075,671	2,917,714	23.56	33.37	21,103	24,970	-15.49	72,479	29.12
45	D&N Savings Bank, FSB, Hancock, Mich.	674,239	369,809	82.32	1,726,526	1,445,016	39.05	25.59	14,925	8,739	70.79	43,297	34.47
46	Transohio Savings Bank, FSB, Cleveland	634,916	293,082	116.63	3,580,270	2,899,179	17.73	10.11	15,708	6,083	158.23	94,941	16.55
47	American Savings & Loan Assn. of Florida, Miami	632,896	816,346	-22.47	2,622,072	2,773,936	24.14	28.42	15,822	12,222	29.45	100,000	15.62

KANSAS ASSOCIATION
OF WHEAT GROWERS



TESTIMONY

Senate Bill--72

Senate Committee on Financial Institutions and Insurance

Senator Neil Arasmith, Chairman

Wednesday, February 4, 1987

Submitted by Howard W. Tice, Executive Director

On behalf of the members of the Kansas Association of Wheat Growers, I appreciate this opportunity to present testimony in opposition to Senate Bill 72.

Two years ago, in this committee, I heard the, then President of the Kansas Bankers Association state that if multi-bank holding companies were allowed in Kansas, they would be back asking for interstate multi-banking. We testified at that time, that the direction that path leads is toward more problems for agriculture. We testified that the removal of local control would mean a drastic loss of capital for farmers and rural businesses. Unfortunately, we failed to convince the Legislature, either that our fears were founded on realistic projections, or that agriculture is worth saving. We now have multi-bank holding companies in Kansas.

Last year, we reluctantly supported the limited branch banking bill that passed, on the premise that it was needed to preserve banking services in one-bank towns. At that time, we reiterated our concern for unlimited branch banking, for the same reason we opposed multi-banking.

Last year, the Legislature apparently agreed that unlimited branch banking was not right for Kansas, and that proposal was pared back to the limited branch banking bill we reluctantly supported. This year, the KBA is back again with another statewide branch banking bill they are submitting as a so-called economic development incentive, according to the media. Last year, this Legislature restricted branch banking to bank failures in one bank towns, expressing the position that it should be allowed only as a "last ditch" effort to preserve banking services for small communities. We contend that this approach has not been in effect long enough to be declared a failure, in need of replacement.

Senate Bill 72 is another step down the road toward interstate multi-banking. We have stated our opposition to multi-banking many times, on the basis that it leads to loss of local control of local depositors' money, and therefore, the loss of credit for agriculture. This is one instance where it hurts to be right, but what is happening in Kansas as local banks are being taken over by outside interests, is exactly what we in agriculture predicted would happen.

In Wakeeney, the President of the KAWG Del Wiedeman, who operates an insurance agency and the local Sears catalog store, in addition to farming, reports that the bank he has done business with for years, was taken over by outside interests. Not only did their understanding of local needs deteriorate badly, resulting in many problems for people locked into loan contracts, but local residents don't even know who really owns the bank now, and are therefore, denied access to the people who set policy.

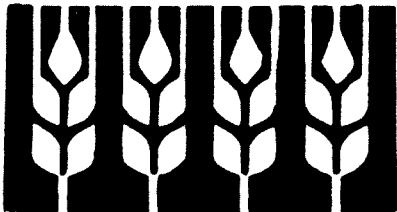
In southwestern Kansas, a well run, efficient feedyard was forced into bankruptcy because the bank that held their \$10 million line of credit was taken over, and the new owners refused to take any agriculture loans. Even through they were completely current on their accounts, they lost their source of capital, and had to file for bankruptcy.

In southeast Kansas, a farmer reported to me Monday evening, that four banks in his area have been taken over by outside interests. The immediate change in policy that is noted, is a refusal to make agricultural loans. When the FDIC is involved in a bank failure, it is becoming a common practice for the new bank owners to refuse to take over outstanding ag-loans, which are then called by the FDIC.

Attachment III

Senate F I & I - Feb. 4, 1987

KANSAS ASSOCIATION
OF WHEAT GROWERS



Testimony on Senate Bill 72

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Our number one industry is, and probably always will be agriculture. Our great state is number one in the nation in many agricultural categories, among them, the status of ~~first~~^{second} in the number of tillable acres. This is not only an asset to be proud of. It is an asset to build on. Successful industries are those that build on their strengths, not some perception that they can expand into someone else's image. That is why statewide branch banking is not an economic development effort. Quite the contrary; Senate Bill 72 would provide even more deterrents to economic development.

Kansas must move forward in the area of economic development. The term itself is the buzz-word this year. However, to realistically move ahead with economic development in Kansas, we must work from our strong foundation of agriculture. That is going to take capital. Making it harder to get agricultural credit is no way to build on our strengths, but that is what is happening in Kansas, as the KBA and large, urban center banks, move our state along the path toward interstate multi-banking.

Limited branch banking was enacted last year, supposedly to preserve banking services for small communities, and even farmers. The key word is services. Agricultural loans are a banking service that is, as we predicted, becoming harder and harder to find in the areas that need them the most.

As you weigh Senate Bill 72 in the light of the best interests of the people of our state, we believe you will find it seriously lacking in substance and support. The KBA testified that a strong majority of bankers they surveyed supported, not only branch banking, but interstate multi-banking. That is not hard to believe at all when you note that, according to that same testimony, the people surveyed were the top officials of the banks, not the depositors, and customers of the bank.

In fact, a glaring weakness in the proponents' case is that the only support is from the KBA. Since 90% of the money involved belongs to the people, not the bankers, and the bankers themselves, KBA and KIBA are split on the issue, it would seem quite difficult to justify passage of this bill.

In closing, I would agree with KBA testimony on one point. Passage of Senate Bill 72 would be a win/win situation. However, it would be a win/win situation for bankers who wish to expand their control of capital in the state. It would not be a win/win situation for the Legislature. It would not be a win/win situation for economic development. It would be a losing proposition for the people of Kansas, particularly agriculture, our number one industry, and our best hope for realistic economic development for the future.