

Approved 3/14/81
Date

MINUTES OF THE Senate COMMITTEE ON Federal & State Affairs

The meeting was called to order by Senator Edward F. Reilly at
Chairperson

11:10 a.m.~~pm~~ on March 6, 1989 in room 254-E of the Capitol.

All members were present ~~except~~.

Committee staff present:

Mary Galligan, Legislative Research Department
Mary Ann Torrence, Revisor of Statutes Office
Marty Robison, Secretary

Conferees appearing before the committee:

Bud Grant, Kansas Chamber of Commerce & Industry
Tom Severn, Legislative Research Department

Chairman Reilly called the meeting to order.

Senator Anderson moved the minutes of February 28, March 1 and 2 be approved. Senator Vidricksen seconded and the motion passed.

Bud Grant asked for introduction of a bill dealing with the crime of shoplifting. Senator Morris moved the introduction and Senator Daniels seconded. The motion passed.

A request from Senator Winter for interim study of explosives regulations was read. Senator Morris moved a request for interim study of this issue. Senator Daniels seconded and the motion carried.

A request from Representative Peterson to eliminate a rate chart that sets forth rates that newspapers may charge for legal rates and eliminate the need for newspapers to file their legal ad rates with the Secretary of State's Office was introduced for consideration. After discussion, it was decided to check further on the status and background of this request.

Tom Severn briefed the committee on the interim study on SB 324 (Attachment 1). He told members that he believes certification means limited licensure. Staff was directed to get the federal circular and review it and prepare a brief. The status of H.R. 3675 will also be reviewed.

Discussion was held on SB 316 which deals with food sales requirements for drinking establishments and clubs.

Senator Vidricksen moved the amendment to change "calendar year" to "6 months" on lines 77 and 84. Senator Anderson seconded. Senator Vidricksen moved to amend his amendment to read "12 months" instead of "calendar year". Senator Anderson agreed to the change. The motion passed.

Senator Bond moved SB 316 be reported favorably as amended. Senator Yost seconded and the motion carried.

The meeting was adjourned at 11:50.

60 deriving income from sources within this state. Such tax shall consist
61 of a normal tax and a surtax and shall be computed as follows:

62 (1) The normal tax shall be in an amount equal to ~~4 1/2%~~ 4 1/4%
63 of the Kansas taxable income of such corporation; and

64 (2) the surtax shall be in an amount equal to ~~2 1/4%~~ 2% of the
65 Kansas taxable income of such corporation in excess of \$25,000
66 \$50,000.

67 (d) *Fiduciaries*. A tax is hereby imposed upon the Kansas taxable
68 income of estates and trusts at the rates provided in paragraph (2)
69 of subsection (a) hereof.

70 New Sec. 2. The provisions of this act shall be applicable to all
71 taxable years commencing after December 31, 1988.

72 Sec. 3. K.S.A. 1988 Supp. 79-32,110 is hereby repealed.

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

RE: PROPOSAL NO. 8 -- APPRAISER CERTIFICATION

Introduction

Proposal No. 8 charged the Special Committee on Assessment and Taxation to study whether appraisers should be certified and regulated by the state or by the federal government and, if so, whether legislation similar to a model act proposed by national appraisal organizations should be recommended, or whether the pending federal legislation should be endorsed.

Background

Congressman Barnard of Georgia originally introduced H.R. 3675 in November, 1987, to develop a procedure whereby the federal government could assure a continued supply of competent professional appraisers through a system of licensure for appraisals associated with federally-covered transactions. The bill described the procedure as certification.

A principal motivation for that legislation was the desire to prevent fraud and incompetence in the appraisal of property for federal agencies and for federally-insured financial institutions. Congressman Barnard cited such fraud and incompetence as a cause of the escalating crisis in the savings and loan industry.

Following the introduction of the federal bill, several national appraisal groups developed model legislation for states to conform with what was being proposed at the federal level. In Kansas, interest groups met on an ad hoc basis to tailor legislation to this state. Their requests led to the assignment of the subject proposal.

Committee Activity

The Committee devoted portions of four meetings to this proposal. Staff described the subcommittee version of the federal bill, dated July 27, 1988, and tracked the progress of H.R. 3675 in the Congress.

The Committee received testimony from a number of groups which supported a system of voluntary certification, and opposed licensure. Most of these groups supported placing the voluntary certification

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Attachment 1

program under the Board of Technical Professions. However, that Board unanimously voted to oppose any proposal placing the certification or licensing of appraisers under their jurisdiction.

Another group, the Kansas Real Estate Commission, supported a two-tiered system, incorporating both licensing and voluntary certification, to be administered by that Commission. The Commission presented draft legislation to accomplish that policy.

The only testimony received in support of mandatory state licensing of appraisers was contained in a letter from the National Association of Real Estate Appraisers, which also submitted a model state licensure bill.

Conclusions and Recommendations

The Committee concludes that the appropriate concept to address the situation in Kansas is voluntary certification only. However, because of the nature of the pending federal legislation and a lack of agreement among the conferees with respect to administration of a voluntary certification program, the Committee notes that no specific legislation can be recommended at this time.

Respectfully submitted,

December 1, 1988

Sen. Dan Thiessen, Chairman
Special Committee on Assessment
and Taxation

Rep. Keith Roe, Vice-
Chairman
Rep. Jayne Aylward
Rep. Arthur Douville
Rep. LeRoy Fry
Rep. Fred Gatlin
Rep. James Lowther
Rep. William R. Roy
Rep. Michael Tom Sawyer
Rep. Debara K. Schauf
Rep. Joan Wagnon*
Rep. Franklin E. Weimer

Sen. Neil Arasmith
Sen. Paul Burke
Sen. Leroy Hayden
Sen. Fred Kerr
Sen. William Mulich

* Ranking Minority Member

RE: PROPOSAL NO. 9 -- TRUST DEPARTMENTS*

Proposal No. 9 directed the Special Committee on Commercial and Financial Institutions to review the Kansas statutes relating to trust companies and trust departments as set out in the general banking statutes (Article 16 of Chapter 9), and in the general corporation code (Article 20 of Chapter 17), and propose revisions as necessary.

Background

During the 1988 Session of the Legislature, the Bank Commissioner requested a bill to change the capital requirement for creation of a new trust company and to repeal the existing statutes which linked the total capital required to the size of the community in which the trust company would be located. While the bill was specific to the issue of capital, the testimony of the Commissioner to the House Committee on Commercial and Financial Institutions indicated that there were additional problems with the trust statutes beyond the appropriate level of capitalization. While the House Committee took no action following a hearing on the Commissioner's bill, H.B. 2737, the Chairman and members concurred with the Commissioner's assessment that the trust statutes should be the subject of an interim study. The Chairman of the Senate Committee on Financial Institutions and Insurance also supported the request for interim study in his letter to the Legislative Coordinating Council.

Committee Activity

The Committee received testimony from the Bank Commissioner and the staff of the State Banking Department, from representatives of the Kansas Bankers Association - Trust Division, and from representatives of three free-standing trust companies: the Security Benefit Group, the Southgate Trust Company, and the Columbian Trust Company.

The comments of the Bank Commissioner set out the various potential problem areas in the statutes and identified additional statutes which seemed less than clear in their intent. Other conferees expressed their willingness to work with the Commissioner in further defining problem areas, but were not aware of what those problems might be, particularly from their operational perspective.

* H.B. 2004 accompanies this report.

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