

Approved

Date

2/20/90

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

The meeting was called to order by SENATOR RICHARD L. BOND at
Chairperson

9:00 a.m./~~p.m.~~ on THURSDAY, FEBRUARY 15, 1990 in room 529-S of the Capitol.

~~All~~ members ~~were~~ present ~~except~~:

Senators Anderson, Karr, Kerr, McClure, Moran, Parrish, Reilly, Salisbury, and Yost.

Committee staff present:

Bill Edds, Revisors Office
Bill Wolff, Research Department
Louise Bobo, Committee Secretary

Conferees appearing before the committee:

None

Chairman Bond called the meeting to order at 9:15 a.m.

SB 532 - Interstate Banking.

In response to the request by Chairman Bond, Staff prepared technical amendments to the interstate banking proposal. Mr. Edds explained that the first amendment consisted of deleting lines 20-22 on page 1 of the bill. He explained that this was duplication of lines 29-31 and that his office had intended to take care of the error. The second amendment to the bill would provide for a new Section 7 and the renumbering of Sections 7,8, and 9 and changing the bill title. The new section would permit a bank commissioner to enter into a reciprocal agreement with commissioners in other states and to accept reports of examination and other records from authorized federal agencies. Mr. Edds explained that this new section was comparable to interstate banking laws in Arkansas and Oklahoma.

The motion was made by Senator Salisbury to accept these amendments relating to Section 1 and Section 7 of SB 532 and, included in her motion, a title change and the renumbering of Sections 7,8, and 9. Senator Anderson seconded this motion. The motion carried.

Senator Salisbury then made a motion to pass the bill, as amended, out of committee with a favorable recommendation. Senator Anderson seconded the motion.

Senator Kerr informed the committee that he would prefer that this measure be more specific about banks keeping their investments within the community. Considerable discussion ensued with Jim Maag, Kansas Bankers Association, Gary Sherrer, Fourth Financial Corporation, and Harold Stones, Kansas Bankers Association, explaining that all banks have to keep specific information and have those records readily available for review by federal authorities. In addition, the Community Reinvestment Act (CRA) and FIRREA require public disclosure regarding whether banks are conforming to the principles of the CRA. Senator Kerr continued by saying that Arkansas law required more specific information and related more to community reinvestment. Senator Yost remarked that, although he supported the passage of an interstate banking bill, he had always been concerned about out-of-state purchase of local banks and that he intended to support Senator Kerr's amendment.

An additional amendment was moved by Senator Kerr to conceptually amend SB 532 in new section 6, paragraph C to require that additional information be filed with the Bank Commissioner by a regional bank holding company seeking to acquire a Kansas bank or a Kansas bank holding company. This motion was seconded by Senator Yost. The motion carried.

Senator Kerr further explained his desire that the amendment will be patterned after an Arkansas statute and is intended to ensure that an acquiring regional bank holding

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,
room 529-S, Statehouse, at 9:00 ~~a.m.~~^{p.m.} on THURSDAY, FEBRUARY 15, 1990.

company properly services the various needs of the community in which the acquired Kansas bank or banks are located. Special attention will be focused on the needs of small businesses. The amendment will also spell out penalties available to the Bank Commissioner should a regional bank holding company not maintain compliance with the provisions of the amendment.

Senator Yost made a motion to pass the bill, as amended, out of committee favorably. Senator Anderson seconded the motion. The motion passed.

Minutes of Tuesday, February 13, 1990, were approved as written on a motion by Senator Yost with Senator Moran seconding the motion. Motion carried.

The meeting adjourned at 9:55 a.m.