

Approved February 25, 1992  
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

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

9:15 a.m./~~p.m.~~ on Thursday, February 20, 19<sup>92</sup> in room 529-S of the Capitol.

~~All~~ members ~~were~~ present ~~except~~: Senators Bond, Francisco, Kerr, McClure, Parrish, Reilly, Salisbury, Strick, Ward, and Yost.

Committee staff present:

Fred Carman, Revisor  
Bill Wolff, Research  
June Kossover, Committee Secretary

Conferees appearing before the committee:

Susan Seltsam, Chief of Staff to the Governor  
James Turner, Kansas-Nebraska League of Savings Institutions

The meeting was called to order by Chairman Bond at 9:15 a.m.

Chairman Bond opened the hearing on Executive Reorganization Order 24, which would merge the savings and loan department with the office of the bank commissioner. Susan Seltsam, Chief of Staff to the Governor, appeared before the committee to explain ERO 24. (Attachment #1.) Ms. Seltsam advised the committee that the Governor proposed further study be done regarding consolidation of financial regulatory agencies.

Mr. James Turner, Kansas-Nebraska League of Savings Institutions, appeared before the committee in opposition to ERO 24. (Attachment #2.)

Discussion ensued regarding procedure for negating the ERO. Chairman Bond pointed out, supported by Mr. Carman, that the Governor cannot withdraw an Executive Reorganization Order. It must be disapproved by Resolution. Chairman Bond presented to the committee proposed Resolution No. 2610 to disapprove ERO 24. (Attachment #3.) Ms. Seltsam advised the committee that the Governor has no objections to the Resolution disapproving the ERO, as the issue needs to be studied further and is being researched.

Senator Reilly made a motion to move Senate Resolution 2610 favorably. The motion was seconded by Senator Strick. After further discussion and consideration, Senator Strick requested to withdraw his second of Senator Reilly's motion. Senator Salisbury then seconded the motion. The motion carried.

Senator Reilly made a motion, seconded by Senator Kerr, to approve the minutes of the meeting of February 19, 1992 as submitted. The motion carried.

The committee adjourned at 9:38 a.m.



SENATE FINANCIAL INSTITUTIONS  
AND INSURANCE COMMITTEE

February 20, 1992  
9:00 a.m.

Presented by Susan Seltsam  
Chief of Staff

Mr. Chairman, Members of the Committee:

Executive Reorganization Order No. 24 merges the Savings and Loan Department and the State Bank Commissioner.

This issue was brought to the Governor's attention last summer by the Savings & Loan Commissioner when budget requests were submitted. The primary impetus appeared to be that the cost to each association to finance the Savings and Loan Department was rapidly increasing as the number of associations available to share the cost decreased. The Savings and Loan Commission's budget request evoked considerable internal discussion about a consolidation of financial regulatory agencies.

When the ERO was submitted, it was viewed as the first step towards that consolidation. Since the time the Governor's proposal was made in January, representatives of the financial institutions concerned have indicated they would like more time to review the changes which could result from the merger. The Governor feels that such a review is appropriate. The Savings & Loan Association has communicated their concerns about the merger, both in terms of regulatory and financial impact.

FI&I 2/20/92  
Attachment #1

Additionally, federal legislation is pending which may affect state chartered Savings & Loans. The outcome of that legislation must be considered.

For these reasons, the Governor proposes further study regarding consolidation of financial regulatory agencies.

Kansas-Nebraska  
League of  
Savings  
Institutions

James R. Turner, President

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February 20, 1992

TO: SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE  
FROM: JIM TURNER, KNLSI  
RE: ERO #24 (ABOLITION OF STATE S&L DEPARTMENT)

The Kansas-Nebraska League of Savings Institutions appreciates the opportunity to appear before the Senate Committee on Financial Institutions and Insurance in opposition to Executive Reorganization Order No. 24 which would abolish the State Savings and Loan Board and Department, and transfer the supervision of State-chartered thrifts to the State Banking Department.

The League requests that the Senate Committee on Financial Institutions and Insurance introduce and adopt a resolution rejecting ERO #24.

The League opposes ERO #24 for the following reasons:

1. The State-chartered institutions believe that an independent Department can be continued. The State S&L Department anticipates being under-budget by \$40,000 this year.
2. The present S&L assessment cost is \$42 per million of assets. This would increase to \$147 per million of assets if combined with the State Banking Department.
3. We are opposed to adding a third examination. State-chartered S&LS are presently examined by both the Office of Thrift Supervision and the Federal Deposit Insurance Corporation. State-Chartered banks are examined either by the State Banking Department or the FDIC. When separate OTS-Compliance Exams and outside Audits (required of all S&Ls; only large banks) are factored in..... Kansas S&Ls presently have examiners on premise an average of six months per year. To add four to six more weeks of State Bank examiners is too much.

It is the desire of most State-Chartered Savings and Loans to avoid conversion to Federal Charters. Accordingly, we respectfully request that the Senate Financial Institutions and Insurance Committee adopt a resolution rejecting Executive Reorganization Order No. 24.

James R. Turner, President  
Kansas-Nebraska League of Savings Institutions

JRT:bw

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Attachment #2

SENATE RESOLUTION NO. \_\_\_\_\_

By Committee on Financial Institutions and Insurance

A RESOLUTION disapproving Executive Reorganization Order No. 24,  
relating to banks and savings and loans.

Be it resolved by the Senate of the State of Kansas: That  
Executive Reorganization Order No. 24 is hereby disapproved in  
accordance with section 6 of Article 1 of the Constitution of  
Kansas.

Be it further resolved: That the secretary of state shall  
transmit a copy of this resolution to the governor.

Be it further resolved: That the secretary of state shall  
cause this resolution to be published in the session laws to show  
permanently the foregoing disapproval of the senate of Executive  
Reorganization Order No. 24.

FI&I 2/20/92  
Attachment #3