

Approved: March 7, 1997
Date

MINUTES OF THE HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS.

The meeting was called to order by Chairperson Les Donovan at 3:30 p.m. on February 4, 1997 in Room 527-S of the Capitol.

All members were present except: Representative Tom Bradley
Representative Herman Dillon
Representative Dennis Wilson

Committee staff present: Bill Wolff, Legislative Research Department
Dennis Hodgins, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Maggie Breen, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached list

The chairman opened discussion on:

HB 2070 - Banks and trust companies; stock ownership

A letter in favor of the bill was distributed (Attachment 1). Representative Campbell thanked the committee for delaying the voting until he had a chance to get some questions answered. He now feels very comfortable with the bill. Representative Geringer moved the bill be passed out favorably as amended, seconded by Representative Burroughs. The motion carried.

The chairman opened discussion on:

HB 2094 - Regulation of securities

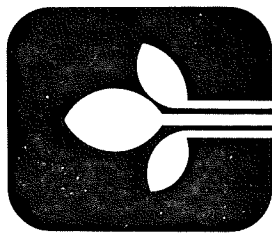
Bruce Kinzie, Revisor's office, covered the changes being made to the bill, explaining they were cleanup bits and pieces. Representative Cox moved the amendments to the bill be adopted, seconded by Representative Burroughs. The motion carried. Representative Cox moved the bill be passed out favorably as amended, seconded by Representative Grant. The motion carried.

The minutes of the January 30, 1997 Financial Institutions Committee Meeting were presented for approval. Representative Campbell moved to approve the minutes as presented, seconded by Representative Cox. The motion carried.

The meeting adjourned at 3:39 p.m.

The next meeting is scheduled for February 6, 1997.

The minutes for this meeting were distributed to the committee members for review on March 6, 1997 with the understanding that minutes would be considered approved if no additions, deletions, or corrections were received by 5:00 p.m. on March 7, 1997. None were received.



Bank of Commerce

February 3, 1997

Mr. James S. Maag
Kansas Bankers Association
800 S.W. Jackson, #1500
Topeka, KS 66612-1265

RE: House Bill 2070

Dear Jim:

It is my understanding the KBA is sponsoring the above referenced House Bill that would eliminate the requirement for bank directors to own \$500 of stock. Besides the fact that this law is outdated and that \$500 is an insignificant investment, I would like to point out another substantive reason for this change to occur.

Our holding company, Southeast Bancshares, Inc., and its subsidiary banks will be making a Sub S election for the tax year 1997. In reviewing the requirements of a Sub S corporation, our accountant, Kevan Accord (913/492-6008), noted that a corporation could not have a second class and qualify for Sub S treatment. We had several outside directors who owned only the qualifying (\$500) shares of stock upon which the holding company held buy back agreements. Kevan felt these outside directors could constitute a second class of stock which would disqualify the favorable Sub S tax treatment. To avoid this problem, we had to eliminate these outside directors, and are now treating them as advisory directors. We would have liked to continue to keep our outside directors as full directors, but could not find a way to do this and meet the requirement of stock ownership.

House Financial Institutions
2-04-97
Attachment 1

February 3, 1997

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You are welcome to quote this letter or discuss this issue further with Kevan Accord in order to encourage passage of HB 2070.

Sincerely,



Mark T. Lair

MTL/slk