

Approved: March 24, 1997
Date

MINUTES OF THE HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS.

The meeting was called to order by Chairperson Ray Cox at 3:30 p.m. on March 19, 1997 in Room 527-S of the Capitol.

All members were present except:

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: David Brant, Kansas Securities Commissioner

Others attending: See attached list

The chairman presented the minutes of the March 13, 1997 meeting for approval. Representative Dillon moved to approve the minutes as presented, seconded by Representative Gilbert. The motion carried.

The chairman opened the hearing on:

SB 282 - Pooled money investment board; membership; political party affiliation

Proponent appearing in favor of **SB 282**:

David Brant, Kansas Securities Commissioner, spoke in favor of **SB 282**. In the past, the composition of the Pooled Money Investment Board (PMIB) had been four members appointed by the Governor and the state treasurer as the fifth member. Last year **SB 476** placed the Security Commissioner on the board as a statutory, non-voting, sixth member. The addition of the securities commissioner has raised a question of the partisan makeup of the board. **SB 282** was originally introduced to add the word *voting* to show that the no more than three *voting* members shall be of the same political party. Commissioner Brant made a suggested to the Senate, which was adopted, that the bill be amended to remove the securities commissioner as the sixth member; which would eliminate the need to clarify the voting member question. He assured the committee that he and his office would continue to be of assistance to the pool any time they were needed. (Attachment 1)

There were no opponents to **SB 282**.

The chairman closed the hearing on **SB 282**.

The chairman opened discussion and final action on **SB 282**.

Representative Dillon moved to pass SB 282 and place it on the consent calendar, seconded by Representative Burroughs. The motion carried.

The chairman opened discussion and final action on:

Sub for SB 86 - Deposit of public moneys, depositories

Representative Wilson moved to pass Sub for SB 86 out favorably, seconded by Representative Ray.

Representative Humerickhouse spoke in opposition to passing the bill out favorably. Before hearing the testimony on the bill, he was concerned about both the servicing of public funds accounts at local levels and

CONTINUATION SHEET

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the future of the state's public moneys. After the testimony he was convinced that public moneys at local levels would be serviced easily by continuing to have the stipulation that those moneys are deposited in banks with state charters. He's also convinced that public moneys of the state should probably be invested in the investment pool, as that was the reason the pool was set up. He doesn't believe we need the bill and believes the citizen's of Kansas would be better served without it.

Representative Samuelson echoed Representative Humerickhouse's statement. A number of banks from her district, as well as some of the local units of government, have indicated they see a reason to keep local tax payers money within the state.

Representative Grant agreed with both Representatives Humerickhouse and Samuelson.

Representative Welshimer indicated that in her district they had only one bidder for the deposit of public funds, which created the need for the bill. She doesn't know any other way to deal with the situation.

Representative Ray supports Representative Wilson's motion because we're telling the local government that they're going to have to find some added resources or get along on less; and then we cut them off from any possibility of getting better interest; and without the bill, would be just letting them be stuck with what they're being offered by one bank. It's a free market society and she supports it as such.

A vote was taken and division called. The motion carried with 10 yeas and 6 nays. Representatives Humerickhouse, Grant, Samuelson and Dreher requested their no votes be recorded.

The chairman opened discussion and final action on:

SB 281 - Deposit of security with banks and savings and loan for insurance commissioner

Representative Dillon moved to pass SB 281 out favorably, seconded by Representative Geringer. The motion carried.

Meeting adjourned at 3:50 p.m.

The next meeting is scheduled for March 20, 1997.

HOUSE FINANCIAL INSTITUTIONS COMMITTEE GUEST LIST

DATE: March 19, 1997

NAME	REPRESENTING
Alan Steppat	Pete McGill & Associates
W. Newton Male	OFFICE OF STATE BANK COMM
Sony Allen	"
Matt Goddard	HCBA
Michelle Peterson	Peterson Public Affairs
Kathy Olym	KBA
Sue Anderson	Community Bankers Assn
Chuck Stokes	KBA
W E Lewis	PMTB
Gonda deLaney	KI Insurance Dept.
Ted Miller	KS Treasurer's office
Roger Brazier	State Treasurer's office
Jefana Orion	✓ ✓ ✓
Peggy Hanna	✓ ✓ ✓
Jim Hays	KBA
Susan Schultz	Nations Bank



KANSAS

Bill Graves
Governor

OFFICE OF THE SECURITIES COMMISSIONER

David R. Brant
Securities Commissioner

TESTIMONY REGARDING SENATE BILL No. 282
Pooled Money Investment Board

Financial Institutions Committee Kansas House of Representatives

DAVID BRANT

Kansas Securities Commissioner
March 19, 1997

Mr. Chairman and members of the committee, thank you for this opportunity to testify regarding Senate Bill No. 282 which deals with membership of the Pooled Money Investment Board (hereafter referred to as "PMIB" or "the Board").

I believe that this bill was introduced in order to clarify that the political composition of the Board would be determined by only the five voting members of the Board. The bill was amended in the Senate as I will now explain.

As the committee is aware, I was sworn in as the Securities Commissioner on April 15, 1996. Soon thereafter, I was informed that due to Senate Bill 476, which was enacted last year, that I was also now a statutory, non-voting, sixth member of the PMIB. My first board meeting was on May 31st.

I appreciate the legislative intent of last year's House amendment to S.B. 476 which added the Securities Commissioner as a member of the Board. There may be times when the Securities Commissioner can provide information and advice which would be pertinent to PMIB business, particularly if the Commissioner has relevant experience or expertise.

In my brief experience on the Board, I will tell you that I have been impressed with the Board members, the staff, and with the progress made in the last year. I believe that the Board is doing a very good job of managing the state's investments and the Municipal Investment Pool.

The Securities Commissioner and staff are willing to provide information and advice upon the request of another state official or state agency. I pledge to you that I will be of service to the PMIB even if I should not be named as a statutory, non-voting, sixth member of the Board.

Thus, the Senate amended S.B. 282 to remove the Securities Commissioner as a non-voting member of the PMIB. This amendment obviates the need to clarify the "voting" status in order to determine the political composition of the Board.

I respectfully request your support of this bill.

House Financial Institutions
3-19-97
Attachment 1