

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS.

The meeting was called to order by Chairperson Ray Cox at 3:30 p.m. on March 8, 2000 in Room 527-S of the Capitol.

All members were present except:

Representative Carlos Mayans  
Representative Henry Helgerson

Committee staff present:

Dr. Bill Wolff, Legislative Research  
Bruce Kinzie, Office of Revisor  
Maggie Breen, Committee Secretary

Conferees appearing before the committee:

Carol Sprague, State Treasurer's Office  
Franklin Nelson, Bank Commissioner

Others attending: See Attached

Representative Cox opened the hearing on **SB 487** - **State moneys law, daily cash sheet.**

**Proponent:**

**Carol Sprague**, State Treasurer's Office, said they were asking, in **SB 487**, for two minor technical changes to two statutes which have not been amended since 1967. The changes would more accurately reflect the way business is transacted in the Treasurer's office today. A recent performance audit brought the issue of K.S.A. 75-4204 to light and the auditor suggested that the change be made. Section one amends K.S.A. 75-4203 to eliminate the need to prepare one form and makes a change in the name of another form. Section two changes K.S.A. 75-420. It eliminates the requirement for the Treasurer to have the Director of Accounts and Reports sign off on transfers between state treasurer-controlled accounts. Since these transfers are all accomplished through electronic means, they are asking that the law be changed to reflect current day practices. Since these types of transactions do not affect the total amount in the state treasury, this statutory change would in no way effect the requirement for all transfers out of the State Treasury to have the Director of Accounts and Reports approval. (**Attachment 1**)

**Bruce Kinzie** said there would need to be one little amendment in the bill. On line 27, the word "both" needs to be deleted.

The Chairman closed the hearing on **SB 487** and opened the hearing on **SB 459 - Mortgages; mortgage business and mortgage loans.**

**Proponents:**

**Franklin Nelson**, Bank Commissioner, gave testimony prepared by Kevin Glendening. **SB 459** has changes to the statute which fall into two general groups. The first group provides for the following areas: 1) Responsibility of the registrant for the actions of their employees; 2) Restriction on employing individuals who have a criminal history or who themselves have been the subject of an enforcement action; 3) The clarification of the applicability of the enforcement powers to individuals and companies whose activities fall within the scope of the law. Companies attempting to find loopholes to evade some enforcement action have prompted most of these amendments. The second group of changes address the following issues: 1) Strengthening ability to require registrants to respond to requests for information relative to an examination or investigation. This is of particular importance due to the number of out of state registrants; 2) Adds, as an enforcement option, the ability to obtain a payment for consumer education as part of a settlement agreement. Finally, the bill would make a change in requirements pertaining to the escrow account maintained by the registrants, and provide them with more options as to where the accounts may be maintained. (**Attachment 2**)

CONTINUATION SHEET

FINANCIAL INSTITUTION, Room 527-S Statehouse, at 3:30 p.m. on March 8, 2000.

The Chairman closed the hearing on **SB 459** and opened the hearing on **SB 498 - Banks; providing for limitations on special orders issued by bank commissioner.**

**Chairman Cox** said that special orders are made by the bank commissioner to adjust and react to changes in the banking system, especially if the national banks are doing something that the state banks cannot do. Last year there was a bill passed that required that when any special orders were invoked by the bank commissioner, the committees of both the House and Senate must be informed of those special orders. **SB 498** says that the information must go into the Kansas register.

Chairman Cox closed the hearing on **SB 498** and said the committee would work **SB 487**.

Representative Grant made a motion to amend SB 487 by striking the word "both" on line 27. Representative Tomlinson seconded the motion. The motion carried.

Representative Grant made a motion to report SB487 favorable for passage as amended. Representative Sharp seconded the motion. The motion carried.

The Chairman said the committee would work **SB 459**.

Representative Tomlinson made a motion to send SB 459 out marked favorable for passage and, because the committee is of the opinion that it of a noncontroversial nature, it be marked for consent. Representative Empson seconded the motion. The motion carried.

Chairman Cox said the committee would work **SB 498**.

Representative Tomlinson made a motion to pass SB 498 out marked favorable for passage and, because the committee is of the opinion that it of a noncontroversial nature, it be marked for consent. Representative Empson seconded the motion. The motion carried.

Chairman Cox asked for approval of March 6<sup>th</sup> committee minutes. Representative Burroughs noted that in David Brant's testimony, the word stature should read statute. Representative Boston made a motion to approve the minutes with this correction. Representative McCreary seconded the motion. The motion carried.

The meeting adjourned at 4:08 p.m. The next meeting is scheduled for March 13.

# HOUSE FINANCIAL INSTITUTIONS COMMITTEE GUEST LIST

DATE: March 8, 2000

NAME	REPRESENTING
Maria Espinoza	Federico Consulting
Shelley King	McGill, Gacher & Assoc.
Carol D. Drake	State Treasurer's Office
Sony Allen	OSBC
Matt Goddard	HCB A
Lambert Nelson	OSBS
Erin Ginebury	OSBC



STATE OF KANSAS

## Tim Shallenburger

TREASURER

900 SW JACKSON ST. SUITE 201  
TOPEKA, KANSAS 66612-1235

TELEPHONE  
(785) 296-3171

February 8, 2000

Representative Ray Cox Chairman and members of the  
House Financial Institutions

RE: SB 487

Thank you for the opportunity to speak in support of SB 487 in which we are asking for minor technical changes to two statutes that have not been amended since 1967. These changes would more accurately reflect the way business is transacted in the Treasurer's office today. A recent performance audit brought the issue with K.S.A. 75-4204 to light and the auditor has suggested that we make the change.

Section one amends K.S.A. 75-4203 to eliminate the need for the Director of Accounts and Reports to prepare a form that the Treasurer's office uses to report the daily cash balances. Also it changes the statutory name from "Daily Deposit Form" to "Daily Cash Sheet" - a title which more accurately describes the information printed on the form. Today that form is an electronic spreadsheet that is created and printed by the Treasurer's office.

In section two the change to K.S.A. 75-4204 eliminates the requirement for the Treasurer to have the Director of Accounts and Reports sign off on transfers between state treasurer-controlled accounts. Since these transfers are all accomplished through electronic means, we are asking that the law be changed to reflect current day practices. In addition, since these types of transactions do not effect the total amount in the state treasury, this statutory change would in no way effect the requirement for all transfers out of the State Treasury to have the Director of Accounts and Reports approval.

Thank you for your attention to this request.

*House Financial Institutions*

*3-08-00*

*Attachment 1*

BILL GRAVES  
GOVERNOR



OFFICE OF THE  
STATE BANK COMMISSIONER

SB 459 / March 8, 2000

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS

Mr. Chairman and Members of the Committee:

My name is Kevin Glendening. I am the Deputy Commissioner for Consumer and Mortgage Lending within the Office of the State Bank Commissioner.

**Senate Bill 459**

The proposed amendments contained in Senate Bill 459 fall into two general groups.

The first group, comprised of amendments to 9-2204, 2207, 2212, and 2218, provides further clarification in the following areas: First, the responsibility of the registrant for the actions of their employees. Second, restrictions on employing individuals who have a criminal history or who themselves have been the subject of an enforcement action. Third, provide clarification of the applicability of the enforcement powers to individuals and companies whose activities fall within the scope of the law. Companies attempting to find a loophole to evade some enforcement action by us have prompted most, if not all of the proposed amendments in this first group.

The second group of amendments contained in 9-2207, 2209, and 2213 address the following issues: First, strengthening our ability to require registrants to respond to our request for information relative to an examination or investigation. This issue, I feel is of particular importance given the number of out of state registrants with whom we deal. Second, it adds as an enforcement option the ability to obtain a payment for consumer education as part of a settlement agreement. Both of these enforcement tools currently apply to companies licensed under the Consumer Credit Code and I believe it makes sense to extend them to registrants under the Mortgage Business Act as well. Finally, the proposed amendment contained in 9-2213 would make a change in requirements pertaining to the escrow account maintained by registrants and provide them with more options as to where those accounts may be maintained.

Mr. Chairman, I am happy to answer any questions of the Committee.

*House Financial Institutions*  
*3-08-00*  
*Attachment 2*