

Approved: 2-6-01
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Sandy Praeger at 9:30 a.m. on February 1, 2001 in Room 234-N of the Capitol.

All members were present except:

Committee staff present: Dr. Bill Wolff, Kansas Legislative Research Department
Ken Wilke, Office of the Revisor of Statutes
JoAnn Bunten, Committee Secretary

Conferees appearing before the committee:

Franklin W. Nelson, Kansas Bank Commissioner
Matthew Goddard, Community Bankers Association
Chuck Stones, Kansas Bankers Association
Jerel Wright, Administrator, Kansas Department of Credit Unions

Others attending: See attached list.

Hearing on: SB 130 - Creation of limited purpose trust company

Franklin W. Nelson, Kansas Bank Commissioner, testified before the Committee in support of **SB 130** which would allow the formation of a trust company in Kansas that has limited powers as noted in his written testimony. (Attachment 1)

There were no opponents to **SB 130**.

Hearing on: SB 142 - Authorization of special orders by bank commissioner

Franklin W. Nelson, Kansas Bank Commissioner, spoke to the Committee in support of **SB 142** which deals with the "Wild Card" authority of the State Bank Commissioner. It would allow the Commissioner to authorize a state-chartered bank to operate with the same powers as any insured depository institution. Under the current law, the State Bank Commissioner can authorize state-chartered banks to engage in activities that only national banks can do. Mr. Nelson noted that state banks in Kansas are no longer just competing with their national bank counterparts. In order to keep the state bank charter a viable option, competitive equality with all types of depository institutions must be ensured. (Attachment 2) Concern was expressed during Committee discussion that the Bank Commissioner would possess too broad authority with passage of this bill. The Commissioner noted that he would have no objection to include credit unions or savings and loan institutions in the bill as the banking industry is more open to competition today than it was fifteen years ago.

Matthew Goddard, Community Bankers Association, expressed his support for the bill and offered an amendment that would grant other financial institutions parity with commercial banks as noted in his written testimony. (Attachment 3)

Chuck Stones, Kansas Bankers Association, expressed his support for the bill and noted that the dual banking system, which is the existence of two separate, equivalent chartering and regulatory systems at the state and federal level, provides financial institutions a meaningful choice that promotes creativity within the banking industry. (Attachment 4) Mr. Stones also noted he had no objection to the amendment offered by the Community Bankers Association.

Jerel Wright, Administrator, Kansas Department of Credit Unions, told the Committee that he is neutral to the bill, and would prefer to keep the status quo with regard to credit unions and not be included in the bill at this point. The Chair directed staff to study the proposed amendments and draft language that would be considered by the Committee at a later meeting.

Action on SB 130

The Chair called upon the Committee to consider action on **SB 130**. Senator Feleciano made a motion that the Committee recommend SB 130 favorably for passage, seconded by Senator Teichman. The motion carried.

Adjournment

The meeting was adjourned at 10:30 a.m. The next meeting of the Committee is scheduled for February 6, 2001.

STATE OF KANSAS
BILL GRAVES
GOVERNOR

Franklin W. Nelson
Bank Commissioner

Judi M. Stork
Deputy Bank Commissioner



Sonya L. Allen
General Counsel

Kevin C. Glendening
*Deputy Commissioner
Consumer and Mortgage Lending*

OFFICE OF THE
STATE BANK COMMISSIONER

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

February 1, 2001

Madame Chair and Members of the Committee:

My name is Franklin W. Nelson. I am the Bank Commissioner for the State of Kansas. I am here today to discuss Senate Bill 142.

The bill amends K.S.A. 9-1715, and would allow the commissioner to grant parity for state banks with *other* depository institutions, not just national banks. In the past, the national banks were the primary competitor for state banks, and the wildcard statute, in its current form, provided our office with the authority necessary to ensure that state banks operated on a level playing field with their competitors. In this age of financial modernization and numerous changes in the delivery of financial services, state and national banks are just two of the players in the financial services market. Thrifts, credit unions, and branches of depository institutions from other states also are direct competitors of Kansas state-chartered banks. Let me give you a couple of examples. In Larned, Kansas there are three financial institutions. There is the First State Bank and Trust Company, the First National Bank & Trust Company, and a branch of Commercial Federal Savings, a thrift with its home office in Omaha, Nebraska. Our Kansas state-chartered bank in this community must compete with both of the other financial institutions; a national bank, and a federal thrift from Nebraska. If a situation arose where the First State Bank in Larned could not offer a particular service, and Commercial Federal could, our office would not currently be able to provide authority through the wildcard to allow First State Bank to compete for that business, yet the state bank would clearly be at a competitive disadvantage.

Senate Financial Inst. & Insurance
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Attachment No. 2

Another similar example would be if a state bank from Missouri has a branch in Kansas that competes directly with a Kansas state-chartered institution. If the branch of the Missouri bank has powers beyond that of the Kansas state-chartered bank, a competitive disadvantage may exist but parity currently could not be granted with a special order.

According to the 2000 CSBS Profile of State Chartered Banking and our further research, 25 states have statutes that grant competitive equality with thrifts, and 11 states go beyond that and authorize the agency head to grant parity with any "financial services provider", which could include insurance companies and securities firms in addition to depository institutions.

While such a broad provision allowing parity with securities firms and insurance companies may in fact be the wave of the future, we believe our proposal is a good and solid middle ground that will help us in addressing the real environment in which our state-chartered banks are operating today. The state banks in Kansas are no longer just competing with their national bank counterparts. In order to keep the state bank charter a viable option, competitive equality with all types of depository institutions must be ensured. It is important to maintain a competitive state charter for the good of the citizens of our state. Without state-chartered banks, this legislature would have minimal control over the activities of banks in Kansas, which would not be good for our citizens. Also, keeping state-chartered banks viable ensures increased competition for national banks, thrifts, and credit unions, which holds costs down and also stimulates innovation, both of which are good for the people of Kansas. Your favorable consideration of this bill is requested.

Thank you and I would be happy to answer any questions.



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Wildcard Authority & Parity Statutes – Part I

	Grants State-Chartered Banks Competitive Equality with National Banks	Statute or Regulatory Citation	Automatic Trigger by OCC or Court, or Supervisor's Authorization Required	Grants State-Chartered Banks Competitive Equality with Federal Thrifts	Statute or Regulatory Citation	Automatic Trigger by OTS or Courts, or Supervisor's Authorization Required
Alabama	Yes	5-5A-18.1	Supervisor's authorization required	Yes	5-5A-18.1	Supervisor's authorization required
Alaska	Yes	AS 06.01.020	Supervisor's authorization required	Yes	AS 06.01.020	Supervisor's authorization required
Arizona	Yes	ARS 6-184(A)(2)	Automatic	Yes	ARS 6-184(A)(6)	Automatic
Arkansas	Yes	ACA §23-47-101(c)	Supervisor's authorization required	No	N/A	N/A
California	Yes	Cal. Fin. C. Sec. 753	Supervisor's authorization required	No	N/A	N/A
Colorado	Yes	11-2-103(5)	Supervisor's authorization required	No	N/A	N/A
Connecticut	Yes ¹	Section 36a-250(a)(41), CT General Statutes	Automatic	Yes ¹	Section 36a-250(a)(41), CT General Statutes	Automatic
Delaware	Yes	Reg 5.761.0017 1.A.	Supervisor's authorization required	No	N/A	N/A
DC	No	N/A	N/A	No	N/A	N/A
Florida	Yes	§ 655.061, F.S.	Supervisor's authorization required	No	N/A	N/A
Georgia	Yes	7-1-61	Supervisor's authorization required and a regulation must be issued, unless it concerns specific investment limitations, which only require an order	Yes	7-1-61	Supervisor's authorization required and a regulation must be issued, unless it concerns specific investment limitations, which only require an order
Guam						
Hawaii	Yes	HRS §412:5-201	Supervisor's authorization required	No	N/A	N/A
Idaho	Yes	26-1101 (3)	Supervisor's authorization required	Yes	26-1101 (3)(a)	Supervisor's authorization required
Illinois	Yes	205 ILCS 5/5(11)	Automatic	Yes	205 ILCS 5/5(25)	Automatic
Indiana	Yes	IC 28-1-11-3.2	Supervisor's authorization required	No	N/A	N/A
Iowa	No	N/A	N/A	No	N/A	N/A
Kansas	Yes	K.S.A. 9-1715	Supervisor's authorization required	No	N/A	N/A
Kentucky	Yes	287.020	Supervisor's authorization required	No	N/A	N/A
Louisiana	Yes	LSA-R.S. 6:242(C)	Supervisor's authorization required	No	N/A	N/A



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Wildcard Authority & Parity Statutes – Part I

	Grants State-Chartered Banks Competitive Equality with National Banks	Statute or Regulatory Citation	Automatic Trigger by OCC or Court, or Supervisor's Authorization Required	Grants State-Chartered Banks Competitive Equality with Federal Thrifts	Statute or Regulatory Citation	Automatic Trigger by OTS or Courts, or Supervisor's Authorization Required
Maine	Yes	Title 9-B MRSA § 416	Automatic	Yes	Title 9-B Section 416	Automatic
Maryland	Yes	FI 5-504	Supervisor's authorization required	No	FI 5-504	N/A
Massachusetts	Yes	NR	Supervisor's authorization required	No	Legislation pending	N/A
Michigan	Yes	MCL 487.14101(2)(b)	Supervisor's authorization required	Yes	MCL 487.14101(2)(b)	Supervisor's authorization required
Minnesota	Yes	NR	Supervisor's authorization required	Yes	NR	Supervisor's authorization required
Mississippi	Yes	81-5-1	Supervisor's authorization required	No	N/A	N/A
Missouri	Yes	362.105	Supervisor's authorization required	Yes	362.105	Supervisor's authorization required
Montana	Yes	32-1-362	Supervisor's authorization required	No	N/A	N/A
Nebraska	Yes	§ 8-1,140	Automatic	No	N/A	N/A
Nevada	Yes	NRS 662.015	Supervisor's authorization required	Yes	NRS 677.795	Supervisor's authorization required
New Hampshire	Yes	RSA 394-A	Supervisor's authorization required	Yes	RSA 394-A	Supervisor's authorization required
New Jersey	Yes	NJSA 17:9A-24a	Automatic	No	N/A	N/A
New Mexico	Yes	58-1-54 NMSA 1978	Supervisor's authorization required	Yes	58-1-54 NMSA 1978	Supervisor's authorization required
New York	Yes	B.L. 14-g & 14-h	Supervisor's authorization required	No	N/A	N/A
North Carolina	No	N/A	N/A	No	N/A	N/A
North Dakota	Yes	NDCC 6-03-38	Supervisor's authorization required	No	N/A	N/A
Ohio	Yes	1121.05(A)(1)	Supervisor's authorization required	Yes	1121.05(A)(2)	Supervisor's authorization required
Oklahoma	Yes	6 O.S. § 402(10)	Automatic	No	N/A	N/A
Oregon	Yes	ORS 706.795 and ORS 708A.010	Supervisor's authorization required	Yes	ORS 706.795	Supervisor's authorization required
Pennsylvania	Yes	N/A	N/A	No ²	N/A	N/A
Puerto Rico	No	N/A	N/A	No	N/A	N/A



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Wildcard Authority & Parity Statutes – Part I

	Grants State-Chartered Banks Competitive Equality with National Banks		Statute or Regulatory Citation	Automatic Trigger by OCC or Court, or Supervisor's Authorization Required	Grants State-Chartered Banks Competitive Equality with Federal Thrifts		Statute or Regulatory Citation	Automatic Trigger by OTS or Courts, or Supervisor's Authorization Required
	Yes	No			Yes	No		
Rhode Island	Yes		R.I.G.L. §19-1-3(7)	Automatic	Yes		R.I.G.L. §19-1-3(7)	Automatic
South Dakota	Yes		NR	Supervisor's authorization required	Yes		NR	Supervisor's authorization required
Tennessee	Yes		TCA § 45-2-601	Automatic	Yes		TCA § 45-14-105(b)	Supervisor's authorization required
Texas	Yes		TFC 32.009	Supervisor's authorization required	Yes		TFC 32.010	Supervisor's authorization required
Utah	Yes		UCA 7-1-301 and 7-3-10	Supervisor's authorization required	No		N/A	N/A
Vermont	Yes		8 V.S.A. § 606	Supervisor's authorization required	No		N/A	N/A
Virginia	Yes		§ 6.1-5.1	Supervisor's authorization required	No		N/A	N/A
Washington	Yes		RCW 30.04.215(3)	Supervisor's authorization required	Yes		RCW 32.08.140(16) & RCW 32.08.146	Supervisor's authorization required
West Virginia	Yes		§ 31A-8C-2(a) and § 31A-3-2(a)(5)(B)	Supervisor's authorization required	Yes		§31A-8C-2(a)	Supervisor's authorization required
Wisconsin	Yes		221.0322/DFI Bkg 3	Supervisor's authorization required	Yes		221.0322	Supervisor's authorization required
Wyoming	Yes		W.S. 13-2-101(a)(xiii)	Supervisor's authorization required	Yes		W.S. 13-2-101(a)(xiii)	Supervisor's authorization required
	Yes	No			Yes	No		
	47	4			24	27		

NR: Not Reported.

N/A: Not Applicable.

¹ Requires 30 days' prior notice to the Banking Commissioner who has authority to disapprove the activity.

² Pennsylvania thrifts have parity with Federal thrifts. 7 P.S. § 6020-11(a)(22)



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Wildcard Authority & Parity Statutes – Part II

	Grants State-Chartered Banks Competitive Equality with Any Financial Services Provider	Statute/Citation	Automatic Trigger by OCC or Court, or Supervisor's Determination Required	Restrictions on State's Wildcard Authority
Alabama	No	NA	NA	None
Alaska	Yes	AS 06.01.020	Supervisor's authorization required	Must serve the public convenience and advantage and equalize and maintain the quality of competition between state financial institutions and federally chartered financial institutions in Alaska with deposits insured by an agency of the federal government.
Arizona	Yes	ARS 6-184(A)(6)	Automatic	None
Arkansas	No	N/A	N/A	Limited to activities allowed for national banks
California	No	N/A	N/A	The supervisor's authorization must be in the form of a regulation. Unless the supervisor gives public notice and opportunity for comment beforehand and otherwise complies with the California Administrative Act in adopting the regulation, the regulation expires on December 31 st of the year following the calendar year in which it becomes effective.
Colorado	No	N/A	N/A	None
Connecticut	No	N/A	N/A	Requires 30 days prior written notice to the Banking Commissioner who has authority to disapprove the activity.
Delaware	No	N/A	N/A	In the interest of bank safety and soundness, the Commissioner may require that any permissible activity be conducted through a subsidiary of the bank
DC	No	N/A	N/A	None
Florida	No	N/A	N/A	Subject to prior approval of the Department pursuant to Administrative Rule or Order of General Application
Georgia	Yes	7-1-61	Supervisor's authorization required	Department would decide to issue a regulation, or if the power concerned certain investment limitations, the Commissioner could issue an order to one or more institutions.
Guam				
Hawaii	No	N/A	N/A	Wildcard approvals are subject to such terms and conditions, as the Commissioner deems appropriate.
Idaho	Yes	26-1101 (3)	Supervisor's authorization required	Wildcard activities of other state's banks must be approved by the F.D.I.C.
Illinois	Yes	205 ILCS 5/5(25)	NR	Thrift wildcard authority [205 ILCS 5/5(25)] does not extend to the granting of any real estate brokerage authority
Indiana	No	N/A	N/A	None
Iowa	No	N/A	N/A	Although Iowa doesn't have a formal wildcard statute, Iowa Code Section 524.102 states intent of competitive equality on activities which can be implemented by the Superintendent.
Kansas	No	N/A	N/A	None
Kentucky	No	N/A	N/A	None
Louisiana	No	N/A	N/A	Bank must notify the Commissioner in writing of its intent to exercise such rights. The Commissioner may raise an objection within 45 days of receipt of the written notice.



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Wildcard Authority & Parity Statutes – Part II

	Grants State-Chartered Banks Competitive Equality with Any Financial Services Provider	Statute/Citation	Automatic Trigger by OCC or Court, or Supervisor's Determination Required	Restrictions on State's Wildcard Authority
Maine	No	N/A	N/A	None
Maryland	No	Fl 5-504	N/A	Activity must be reasonably required to protect the welfare of the general economy of the State and the bank, or not be detrimental to the public interest or the bank; and approval must be subject to the same limitations and conditions imposed by federal law on national banks.
Massachusetts	No	N/A	N/A	None
Michigan	Yes	MCL 487.14101(2)(b)	Supervisor's authorization required	None
Minnesota	No	N/A	N/A	State law prevails
Mississippi	No	N/A	N/A	Must submit proof that federal counterpart can exercise such right and request parity.
Missouri	No	N/A	N/A	Activated by regulation only; must be consistent w/state law
Montana	No	N/A	N/A	Activities applied for under the "wildcard" must not be expressly prohibited or limited by Montana Law.
Nebraska	No	N/A	N/A	Due to State Constitution, wildcard must be re-enacted annually. New powers are about a year behind; although automatically granted when re-enacted.
Nevada	No	N/A	N/A	None
New Hampshire	No	N/A	N/A	Three similarly chartered institutions must petition the Commissioner to adopt regulations that grant the federal power, right, and benefit.
New Jersey	No	N/A	N/A	Permitted unless contrary to law
New Mexico	Yes	58-1-54 NMSA 1978	Supervisor's authorization required	None
New York	No	N/A	N/A	None
North Carolina	No	N/A	N/A	None
North Dakota	No	N/A	N/A	State Banking Board must approve activity.
Ohio	Yes	1121.05(A)(4), (5), and (6)	Supervisor's authorization required	Superintendent's discretion whether to grant authority; parity rules lapse
Oklahoma	No	N/A	N/A	May be limited by the Commissioner or the Banking Board
Oregon	No	N/A	N/A	None
Pennsylvania	No	N/A	N/A	None
Puerto Rico	No	N/A	N/A	None



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Wildcard Authority & Parity Statutes – Part II

	Grants State-Chartered Banks Competitive Equality with Any Financial Services Provider		Statute/Citation	Automatic Trigger by OCC or Court, or Supervisor's Determination Required	Restrictions on State's Wildcard Authority
	Yes	No			
Rhode Island	No		N/A	N/A	Wildcard authority applies only with respect to powers authorized for "insured-deposit-taking institutions duly organized under the laws of the United States which are members of the Federal Deposit Insurance Corporation."
South Dakota	No		N/A	N/A	NR
Tennessee	Yes		TCA § 45-2-607(d)	Supervisor's authorization required	None
Texas	No		N/A	N/A	32.010(a)
Utah	No		N/A	N/A	None
Vermont	No		N/A	N/A	Commissioner's regulatory authority
Virginia	No		N/A	N/A	None
Washington	No		N/A	N/A	Activities must be approved by the Director of the Department of Financial Institutions
West Virginia	Yes		§ 31A-8C-2(e)	Supervisor's authorization required	Cannot approve activities involving the sale of non-credit insurance products or certain real estate brokerage activities. A financial institution cannot invest more than 10% of its consolidated capital and surplus in the conduct of financially-related services.
Wisconsin	Yes		221.0322	Supervisor's authorization required	Cannot approve activity explicitly prohibited by the statutes
Wyoming	No		N/A	N/A	The commissioner must approve an activity through rules and regulations.
	11	40			

NR: Not Reported.
N/A: Not Applicable.

Christopher Shays (CT)
John B. Shadegg (AZ)
Vito Fossella (NY)
Gary G. Miller (CA)
Eric Cantor (VA)
Feliz J. Grucci, Jr. (NY)
Melissa A. Hart (PA)
Shelley Moore Capito (WV)
Mike Ferguson (NJ)
Mike Rogers (MI)
Patrick J. Tiberi (OH)

1-12-01

SUPER-PARITY FOR PENNSYLVANIA BANKS

Pennsylvania state-chartered banks got an early Christmas present last year when Governor Tom Ridge signed the state's Bank Parity Bill into law, just before Thanksgiving. The new law authorizes state-chartered banks to conduct any activity available to national banks, federal savings and loans, or any other state-chartered banks.

The new law gives Pennsylvania state-chartered banks broader authority in many areas of banking, not just expanded non-banking services. New powers include expanded real estate lending authority and the authority to pick up and deliver customers' cash and valuables.

A highlight of the law is its trust provisions, which streamline previous requirements and establish reciprocal interstate trust branching. Out-of-state institutions will be able to offer trust services in Pennsylvania with or without a physical location, as long as Pennsylvania institutions have similar authority in those institutions' home states.

To take advantage of these new powers, state banks need only file a notice with the Pennsylvania Secretary of Banking. "This modernization of the Banking Code ensures a level playing field on which Pennsylvania State Charters can continue to successfully compete in the banking market," Acting Secretary of Banking James B. Kauffman, Jr. wrote in a letter to state banks. A summary of the new law and a sample notice form are in the "Online Resources/Secretary's Letters" section of the Department of Banking's web site, at <http://www.banking.state.pa.us>.

FDIC SIMPLIFIES EXAM REPORT FOR SMALL, HEALTHY BANKS

Starting this month, the FDIC is using a new, streamlined examination report for well-managed state nonmember banks with assets under \$250 million.

The FDIC estimates that it will use the new form for approximately 2,000 of its 5,700 state nonmember banks. To qualify, a bank must have a composite CAMELS rating of 1, and individual component ratings of 1 or 2; must have been operating as an insured institution for at least three years; and must not be a niche or specialty bank.

The new examination report will not reduce the scope of on-site examinations, but will allow examiners to condense their findings, which should reduce turnaround time for examination reports. A January 10 Financial Institutions Letter describes the new report; it's available online at www.fdic.gov.



Matthew S. Goddard, Vice President

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To: Senate Financial Institutions and Insurance Committee

From: Matthew Goddard
Heartland Community Bankers Association

Date: February 1, 2001

Re: Senate Bill No. 142

The Heartland Community Bankers Association appreciates the opportunity to appear before the Senate Committee on Financial Institutions and Insurance to request your consideration of the attached amendment to Senate Bill 142.

HCBA agrees with the state bank department on the importance of the dual banking system. Unfortunately, duality is absent in the Kansas savings and loan industry. Changes made in 1989 by the Financial Institutions Reform and Recovery Act gave the federal thrift charter significant advantages over state thrift charters. In 1993, eleven of Kansas' 13 state-chartered savings and loans converted to federal charters. The last state-chartered savings institution was acquired by a commercial bank in 1997. At present, there are no state-chartered savings associations in Kansas.

The amendment to Senate Bill 142 proposed by the state bank department would allow the state bank commissioner to grant state-chartered banks the same powers of any "insured depository institution." Such "institutions" are defined as federal and state banks, savings and loans and credit unions. At present, the commissioner is only authorized by statute to issue special orders to promote the competitive equality of state banks and national banks, not other depository institutions.

It would only seem logical that if a special order can be issued giving state banks parity with other financial institutions, then other financial institutions should be able to be granted parity with commercial banks. The potential for state-chartered savings and loans to be granted parity with other insured depository institutions would go a great way towards restoring balance between the state and federal thrift charters.

Please understand that even if our amendment is adopted and SB 142 becomes law, we do not anticipate federal thrifts switching to state charters overnight. However, the amendment would make the state charter a more viable alternative for institutions that currently have a federal charter. That would greatly strengthen the concept of a dual banking system.

The Heartland Community Bankers Association appreciates the consideration of its amendment and SB 142 by the Senate Financial Institutions and Insurance Committee.

Thank you.

Senate Financial Inst. & Insurance

Date: 2-1-01

Attachment No. 3

Sec 2. K.S.A. 17-5601 is hereby amended to read as follows: 17-5601. (a) The commissioner shall have general supervision over all associations and corporations which are subject to the provisions of this act. The commissioner shall enforce the purposes of this act by use of the powers herein conferred and by resort to the courts when required. In addition to any and all other powers heretofore granted to the state savings and loan commissioner, the commissioner, with the prior approval of the savings and loan board, shall have the power to authorize state savings and loan associations to engage in any activity in which such associations could engage were they operating as ~~federal savings and loan associations~~ any insured depository institution at the time such authority is granted, including but without limitation because of enumeration, the power to do any act, and own, possess and carry as assets, property of such character, including stocks, bonds or other debentures which, at the time said authority is granted, is authorized under ~~federal~~ applicable laws and regulations to be done ~~by federal savings and loan associations~~ an insured depository institution, notwithstanding any restrictions elsewhere contained in the statutes of the state of Kansas. The commissioner shall exercise such power by the issuance of a special order therefor, if such commissioner deems it reasonably required to preserve and protect the welfare of state savings and loan associations and promote competitive equality of state savings and loan associations and ~~federal savings and loan associations~~ other insured depository institutions. Such special order shall provide for the effective date thereof and upon and after such date shall be in full force and effect until amended or revoked by the commissioner, with the prior approval of the state savings and loan board, by subsequent special order. Upon issuance of a special order, the commissioner promptly shall mail copies thereof to all state savings and loan associations and shall be published in the Kansas register. The issuance of such special orders shall not be subject to the provisions of article 4 of chapter 77 of the Kansas Statutes Annotated.

(b) The commissioner shall, at the time of issuing any special order pursuant to this section, submit a written report thereof to the president and minority leader of the senate and to the speaker and minority leader of the house of representatives.

(c) As used in this statute, "insured depository institution" means a bank, a savings and loan association, a savings bank, or a credit union organized under the laws of the United States, this state, or any other state, whose deposits are insured by the United States government.

Sec. 3. K.S.A. 17-5601 and K.S.A. 2000 Supp. 9-1715 are hereby repealed.

Sec. 4 This act shall take effect and be in force from and after its publication in the statute book.

Kansas Bankers Association

800 SW Jackson, Suite 1500

Topeka, KS 66612

785-232-3444 Fax - 785-232-3484 kbacs@ink.org

2-1-01

TO: Senate Financial Institutions and Insurance Committee
FROM: Chuck Stones, Senior Vice President

RE: SB 142

Madam Chair and Members of the Committee:

Thank you for the opportunity to appear before you regarding SB 142, which deals with the "Wild Card" Authority of the Bank Commissioner. The dual banking system, as you know, is the existence of two separate, equivalent chartering and regulatory systems at the state and federal level. The dual banking system provides financial institutions a meaningful choice between state and federal chartering, supervision, and regulation. It is a unique system in the world, and has been the major factor in the dynamism of the American banking system.

The existence of two regulatory systems promotes efficiency, as regulators learn from each other and have the incentive to improve their operations to serve their constituencies. The dual banking system also promotes creativity within the banking industry. Innovations that originated at the state level include checking accounts, NOW accounts, ATM's, electronic funds transfers, and bank insurance sales.

The State of Kansas should want its charter to have maximum value and be a desirable charter in the banking marketplace. SB 142 would go a long way in doing that.

We urge your support.

Senate Financial Inst. & Insurance
Date: 2-1-01
Attachment No. 4