

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 A.M. on March 16, 2006 in Room 234-N of the Capitol.

All members were present.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department
Terri Weber, Kansas Legislative Research Department
Ken Wilke, Office of Revisor of Statutes
Bev Beam, Committee Secretary

Conferees appearing before the committee:

Judi Stork, Deputy Bank Commissioner
Sonya Allen, State Banking Commissioner's Office

Others attending:

See attached list.

The Chair called the meeting to order.

The Chair asked Judi Stork for an overview of **(HB 2662) - An act relating to banks and trust companies, concerning the regulation thereof.** Ms. Stork said the Banking Commissioner's office is changing when a bank is required to submit their complete list of stockholders. Currently the report is due by January 31 of each year, she said. This report is usually submitted in conjunction with other reports that detail a bank's newly elected board of directors, as well as a report showing all officers elected for the year by the board. The latter reports are due after the bank has their annual meeting. She said the banking commissioner's office is asking that this statute be changed to coincide with the filing requirements for the other reports. She said they would like all reports to be submitted at one time, after the bank's annual meeting. She said they are also asking that the commissioner be given the authority to have banks submit requested reports using electronic means.

Ms. Stork said also that the banking commissioner is eliminating the mandatory filing of a fiduciary report by trust departments of state banks. Currently, each bank that has a trust department files an annual report of those fiduciary assets with the bank commissioner on an annual basis. She said implementing this change would reduce the regulatory burden on banks with trust departments by eliminating the need to complete two different fiduciary reports. The changes in this section give the commissioner the ability to request such a report if he deems it appropriate to do so.

Ms. Stork said in Section 3, the statute allows the banking department to base its annual trust assessments for trust departments on the information obtained from the FDIC's call report. As this information is downloaded directly into the department's assessment calculation, it would eliminate the need to input this information manually and would allow the agency to quickly and easily calculate trust department annual assessments.

She said Section 5 eliminates the need for a mandatory annual filing of receipts and disbursements by banks and trust companies and Section 6 requires the banking department to notify all banks and trust companies, in writing, if there is a request for information. (Attachment 1)

The Chair closed the hearing on **(HB 2662)**.

Senator Steineger moved to substitute the word "after" instead of "of" on Page 1, Line 21 of (HB 2662). Senator Barnett seconded. Motion passed.

Final Action

Senator Steineger moved to pass (HB 2662) out favorably as amended. Senator Wysong seconded. Motion passed.

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on March 16, 2006 in Room 234-N of the Capitol.

Hearing on

The Chair opened the hearing on **(HB 2806) - An act amending the uniform consumer credit code; relating to mortgages.** Sonya Allen, State Banking Commissioner's Office, said **(HB 2806)** would amend a mortgage provision of the Kansas Uniform Consumer Credit Code, KSA 2005 by making a technical correction, replacing the word "recession" with "rescission."

Final Action

Senator Wysong moved the bill be passed out favorably and put on the consent calendar. Senator Steineger seconded. Motion passed.

The Chair called for final action on **(HB 2735) - An act relating to real estate loans; concerning the appraised value.** Senator Barnett moved to pass the bill out favorably. Senator Steineger seconded. Motion passed.

The meeting adjourned at 10:00 a.m. The next meeting of this Committee is scheduled for March 21, 2006.



KANSAS

KATHLEEN SEBELIUS, GOVERNOR

OFFICE OF THE STATE BANK COMMISSIONER
CLARENCE W. NORRIS, *Bank Commissioner*

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

March 16, 2006

Madame Chairperson and Members of the Committee:

My name is Judi Stork. I am the Deputy Bank Commissioner for the Office of the State Bank Commissioner. I am here today to request your favorable consideration of **House Bill 2662**. This bill amends six statutes within the banking code.

I will review the changes section by section as I think this will be easiest to follow.

In section 1 of the bill, page one, line 22, we are changing when a bank is required to submit their complete list of stockholders. Currently the report is due by January 31 of each year. This report is usually submitted in conjunction with other reports that detail a bank's newly elected board of directors, as well as a report showing all officers elected for the year by the board. These latter two reports are due AFTER the bank has their annual meeting. We are asking this statute be changed to coincide with the filing requirements for the other reports. In other words, we would like all reports to be submitted at one time, after the bank's annual meeting. Additionally, on line 27, and throughout other parts of this bill, we are asking that the commissioner be given the authority to have banks submit requested reports using an electronic means. Our agency is currently updating our information technology systems and in the future we will have the ability to receive information submitted over the Internet and transfer this information directly into our database. This process will save us considerable time as we will not be required to receive paper reports, and then manually load them into our computer data base. We know banks are capable of filing electronically as currently, all banks are required to file quarterly reports with the FDIC using an electronic means, so adding this provision to state law should pose no additional burden on the banks.

*Senate FI & I Committee
Attachment 1
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In section 2 of the bill, page one, line 34, we are again asking that the commissioner be given the authority to have banks file their oaths of directors using an electronic means.

Please skip to section 4 of the bill, page 4, line 30. In this section we are eliminating the mandatory filing of a fiduciary report by trust departments of state banks. Currently, each bank which has a trust department files an annual report of those fiduciary assets with the bank commissioner on an annual basis. The information that is provided as part of this annual report is readily available to our agency from Schedule T of the FDIC's call report. This information can be easily accessed on-line and downloaded into our data systems. Implementing this change would reduce the regulatory burden on banks with trust departments by eliminating the need to complete two different fiduciary reports – one for this agency and one for the FDIC. The changes in this section give the commissioner the ability to request such a report if he deems it appropriate to do so. It also allows the commissioner to require this report be filed by electronic means.

Please return back to section 3. This statute governs the state banking department's assessment of banks and trust companies. The language that begins on line 18 of page two and appears again beginning on line 29, allows the banking department to base our annual trust assessments for trust departments on the information we obtain from the FDIC's call report, as I just described. As we can download this information directly into our assessment calculation, it would eliminate the need for us to input this information manually and would allow our agency to more quickly and easily calculate trust department annual assessments.

Section 5 begins on page 4, line 35. In this section we are eliminating the need for a mandatory annual filing of receipts and disbursements by banks and trust companies. Again, this information is readily available to our agency from the FDIC's call report repository. We have left language in the statute that allows the commissioner to request such information, if appropriate. We have also allowed for the electronic filing of such information.

Finally, section 6 requires the banking department to notify all banks and trust companies, in writing, if there is a request for information pursuant to K.S.A. 9-1704, 9-1705, and 9-1706. It is anticipated that our agency will not be requesting this information very often, but will instead use the readily available information from the FDIC. The new language allows for the commissioner to request any such report be submitted by electronic means.

Thank you for your time. I would be happy to answer any questions.

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