

SESSION OF 2006

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2662

As Amended by Senate Committee on
Financial Institutions and Insurance

Brief*

HB 2662 would amend several reporting requirements in the banking code to:

- Require the list of stockholders that is to be kept and maintained at a bank or trust company's main office be filed within 15 days after the institution's annual meeting as required by KSA 9-1114. The bill would add a requirement that the list be subject to inspection by all stockholders. The Bank Commissioner would be allowed to require the list of stockholders to be filed using electronic means. Under current law, bank and trust companies are required to send the information on or before January 31 of each year;
- Permit the Bank Commissioner to require the oath for bank or trust company directors be filed using electronic means;
- Address filings of fiduciary reports for trust examination, allowing the option for use of the last March 31 Federal Deposit Insurance Corporation report for trust departments of banks with or without fiduciary assets. Current law requires trust departments to file an annual fiduciary report to the Commissioner;
- Permit the Bank Commissioner to require electronic filing of trust companies' fiduciary capacity reporting. The trust department of the bank also would be required to report to the Commissioner all assets held by the trust department in a fiduciary capacity at any time upon the Commissioner's request. The bill would allow the Commissioner to request the report be filed using electronic means; and
- Require, upon the Commissioner's request, bank and trust companies to submit a verified statement showing their receipts

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

and disbursements in a format prescribed by the Commissioner. The Commissioner would be permitted to request the report be filed using electronic means. The bill would eliminate the annual filing requirement found in current law.

Finally, the bill would allow requests for information to be made in writing and mailed to each bank and trust company. The request is to be deemed as legal notice to each bank and trust company. The request may include the requirement for the filing of information by the bank or trust company using an electronic means.

Background

The bill was requested by the Office of the State Bank Commissioner whose representative indicated that the agency currently is updating its information technology systems and will have the ability to receive information submitted over the internet and to transfer the information directly into the agency database. Proposed amendments to the code are anticipated to reduce regulatory burden on banks with trust departments, such as allowing the use of FDIC call reports instead of a separate annual report filing requirement. There were no opponents to the bill at the House Committee meeting.

The Senate Committee on Financial Institutions and Insurance amended the bill to clarify the time frame requirement for the filing of the list of stockholders.

The fiscal note prepared by the Division of the Budget indicates that passage of the bill could reduce the expenditures of the Office of the State Bank Commissioner (OSBC) because the bill would allow the Commissioner to require banks and trust companies to file information electronically. The bill also would enable the OSBC to retrieve the information electronically instead of manually entering the data it receives. Workload would be reduced for trust departments of state banks because they would no longer have to file the same information to the OSBC and the FDIC. The fiscal note also indicates that the OSBC is in the process of updating its computer systems to transmit the information, a process that could take one to two years. Any fiscal effect in FY 2007 to implement the computer updates is anticipated to be absorbed by the OSBC. Finally, the bill could reduce expenditures of the OSBC, banks, and trust companies in future years. Savings are unknown at this time.