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MEMORANDUM

To: Chair Dietrich and the Senate Committee on Financial Institutions and Insurance

From: Office of Revisor of Statutes

Date: February 11, 2025

Subject: SB 139 – Updating certain definitions, terms and conditions relating to the state banking code.

SB 139 makes updates the state banking code, amending K.S.A. 9-519, 9-1111, 9-1114, 9-1724, 9-1807, 9-2011, 9-2107, 9-2108 and 9-2111.

Section 1 of the bill amends K.S.A. 9-519, the definitions section for bank holding companies. The amendment appears in subsection (b)(1)(C) and stipulates that a hearing to determine whether a company is a bank holding company shall be conducted in accordance with the Kansas administrative procedure act.

Section 2 amends K.S.A. 9-1111 by fixing an internal reference on page 3, line 30.

Section 3 amends K.S.A. 9-1114 pertaining to rules and requirements of the board of directors of a bank or trust company, and places timeframes for notification of certain changes in the board. The amendment would require that a bank or trust company file an oath with the commissioner within 15 days of the election of any officer or director. Additionally, a bank or trust company would be required to notify the commissioner of any newly appointed chief executive officer, president, or director prior to the commencement of the individual's duties. Lastly, a bank or trust company would be required to notify the commissioner of any chief executive officer, president or director who leaves voluntarily or involuntarily relieved from their position within 5 business days.

Section 4 amends K.S.A. 9-1724, relating to mergers that result in a national bank. The amendment to this section would make void the charter of the bank or trust company that ceases to exist after the merger.

Section 5 amends K.S.A. 9-1807, pertaining to administrative hearings held to determine whether a cease-and-desist order should be issued by the state banking board. The amendment to this section stipulates that such a hearing shall be held in accordance with the Kansas administrative procedure act.

Section 6 amends K.S.A. 9-2011, regarding unlawfully engaging in the banking or trust company business. The amendment would carve out an exemption from the statute and allow federally insured banks with charters from other states or from the federal government to operate in Kansas without the commissioner's approval.

Section 7 amends K.S.A. 9-2107, relating to the contracting for trust services. The amendment to this section would remove certain requirements of the application made to the commissioner for the contracting of trust services. The amendment would no longer require certified copies of the written

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action taken by the board of directors of the originating trustee to be provided and would remove the requirement of proof of publication of notice that the applicant intends to file such an application. These requirements would be reinstated if the originating trustee or financial institution is transferring more than 50% of the financial institution's total fiduciary accounts.

Section 8 amends K.S.A. 9-2108, pertaining to the relocation of a trust office. The amendment to this section would extend the exemption from the application process for a trust company relocating to an office from less than one mile to less than 10 miles. If an exemption is granted by the commissioner, then each trust company shall document the written action taken by the board of directors of the trust company approving the proposed relocation and all other required regulatory approvals.

Section 9 amends K.S.A. 9-2111, pertaining to the prohibition on out of state entities to establish or operate a trust facility in Kansas. Currently, an out of state entity may not establish operations in Kansas unless its state authorizes a Kansas-chartered trust company in that state. The amendment would give the commissioner the ability to apply the greater of the requirements stated under the banking code or the laws of the nonresident trust company's home state required for a Kansas trust company to do business in the nonresident trust company's home state.