

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 Buntun, 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

CONTINUATION SHEET

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