

SESSION OF 2012

SUPPLEMENTAL NOTE ON SENATE BILL NO. 263

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 263 would make several amendments to the laws governing credit unions. Among the amendments, the bill would:

- Delete the requirement that the bylaws state the manner of appointment or election of the credit committee, and instead state that if the bylaws provide for a credit committee, the committee may be appointed by the board of directors or elected by the members of the credit union;
- Clarify the suspension procedures under KSA 17-2208 (members of the credit and supervisory committees for failure to perform their duties). Any person suspended is given the right to appear and be heard at the next meeting of the members of the credit union;
- Eliminate the requirement that a credit union only use a credit committee for the approval of every loan or advance of the credit union. The bill would instead authorize the credit committee, credit manager, or loan officer to have the general supervision of all loans to members; and
- Provide that any person who is denied a loan by the credit committee, credit manager or loan officer would have the right to appeal the decision to the

*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>

board of directors (if the credit union's bylaws allow for such appeal).

The bill also would require a two-thirds vote by the supervisory committee to suspend any officer of the credit union, member of the credit committee, or member of the board of directors. (A unanimous vote is required under current law.) Any person suspended would have the right to appear and be heard at the next meeting of the members of the credit union.

Background

The bill was introduced at the request of the Kansas Credit Union Association whose representative indicated removing the statutory requirement for a credit committee allows credit unions to choose the option that best serves the needs of their member-owners. The representative further indicated credit unions should have the flexibility, currently allowed for federally-chartered credit unions under federal law, to determine what method of making loans is best suited to serve their member-owners efficiently and effectively. The Administrator, Kansas Department of Credit Unions, testified in support of the bill stating the changes in the bill update and modernize credit union statutes to reflect current practice. The Kansas Cooperative Council submitted written testimony in support of the bill. There were no opponents to the bill present at the Senate Committee hearing.

The fiscal note prepared by the Division of the Budget states the Kansas Department of Credit Unions indicates that enactment of the bill would have no fiscal effect.