



HOUSE FINANCIAL INSTITUTIONS COMMITTEE  
March 14, 2013

Mr. Chairman and Committee Members,

My name is Diane Bellquist, General Counsel for the Office of the State Bank Commissioner (OSBC). I am here to today in support of Senate Bill (SB) 129. This legislation relates to changes to the Banking Code and was requested by our office. I will try to explain the changes in the law, and then discuss why the agency sees a need for these changes.

By the way of background information, the OSBC currently has an effective regulation KAR 17-22-1. That regulation sets forth different application and hearing fees. Recently the OSBC attempted to amend the regulation for purposes of clarifying certain fees and in some instances reducing the fees. When the proposed amendments were submitted to the Attorney General's office for approval, the OSBC was informed the amendments would not be approved because in at least some instances there was no correlating statutory authority authorizing the OSBC to charge the application and hearing fees.

Section 1. The amendments reflected in this section would authorize the OSBC to charge a fee for issuing letters of good standing. The authority to charge a fee would be consistent with the agency's current practice in accordance with the effective regulation K.A.R. 17-22-1. The regulation currently imposes a \$50 fee, which is intended to offset the actual costs of processing such requests.

Section 2. State-chartered banks must apply to the OSBC and obtain approval prior to establishing and operating a branch location. The application process is slightly different for "eligible" banks versus ineligible banks. The statute sets forth the criteria for "eligible" banks. However, both processes may necessitate a public hearing on the application. We are attempting to make clear the costs of a public hearing, if necessary, are to be paid by the applicant.

Section 3. State-chartered banks must apply to the OSBC and obtain approval prior to establishing and operating a trust branch bank. Similarly, the application may necessitate a public hearing on the application. The OSBC is seeking to amend the statute to make clear the costs of a public hearing, if necessary, are to be paid by the applicant.

Section 4. Upon application, the OSBC may approve certain revenue bonds for banks to pledge as security for public funds. The current statutory language allows the OSBC to recoup actual expenses incurred with a particular application. We are proposing to change the language to allow for a flat fee established by regulation applicable to each application. This would be consistent with our current practice in accordance with the effective regulation K.A.R. 17-22-1. The regulation currently imposes a \$200 fee, which is intended to offset the actual costs of processing such applications.

Section 5. A state-chartered bank or trust company wishing to relocate must first file an application and receive the approval of the Bank Commissioner. After the Commissioner acts upon the application, either the applicant or any aggrieved party who provided comments during the comment period may request a public hearing. We are seeking to amend the statute to make

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clear the costs of a public hearing, if necessary, are to be paid by the party requesting the hearing.

Section 6. A contracting trustee that succeeds to the fiduciary responsibility of an original trustee must submit an application to the OSBC for approval of the contracting agreement. A public hearing on the application may be necessary. The OSBC is seeking to amend the statute to make clear the costs of a public hearing, if necessary, are to be paid by the applicant.

Section 7. A trust company must apply to the OSBC and obtain approval prior to establishing or relocating a trust service office. A public hearing on the application may be necessary. The OSBC is seeking to amend the statute to make clear the costs of a public hearing, if necessary, are to be paid by the applicant.

Section 8. A state-chartered bank with trust powers or a state-chartered trust company desiring to establish an out of state trust facility in those states which have reciprocity must first apply with the OSBC and obtain approval. The statute currently adopts the same application procedures which are applicable to establishing or relocating a trust service office, including the application fee. We are seeking to amend this statute to make explicitly clear that the OSBC does have the authority to charge an application fee. This would be consistent with our current practice in accordance with K.A.R. 17-22-1. The regulation currently imposes a \$500 fee related to applications for trust service offices, which is intended to offset the actual costs of processing such applications.

Thank you for your time and consideration. I would ask the committee for your favorable support of this bill. I would be happy to answer any questions for the committee.