

As Amended by Senate Committee

Session of 2013

SENATE BILL No. 129

By Committee on Financial Institutions and Insurance

2-5

1 AN ACT concerning the state bank commissioner; pertaining to fees;
2 pertaining to costs of certain hearings; amending K.S.A. 9-804 and
3 K.S.A. 2012 Supp. 9-1111, 9-1135, 9-1402, 9-1804, 9-2107, 9-2108
4 and 9-2111 and repealing the existing sections.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 9-804 is hereby amended to read as follows: 9-804.
8 When the capital of any bank or trust company shall have been paid in, the
9 president or cashier shall transmit to the commissioner a verified statement
10 showing the names and addresses of all stockholders, the amount of stock
11 each subscribed, and the amount paid in by each. The commissioner shall
12 examine such bank or trust company and shall charge the statutory
13 examination fee and shall examine especially as to the amount of money
14 paid in for capital, surplus and undivided profits, by whom paid, and the
15 amount of capital stock owned in good faith by each stockholder, and
16 generally whether such bank or trust company has complied with the
17 provisions of law. If the commissioner finds from such examination that
18 the bank or trust company has been organized as provided by law, has
19 complied with the provisions of law and has secured the preliminary
20 approval of the commissioner as authorized by subsection (b) of K.S.A. 9-
21 1801, and amendments thereto, or the approval of the board, the
22 commissioner shall issue a certificate showing that such bank or trust
23 company has been organized and its capital paid in as required by law, and
24 that it is authorized to transact a general banking or trust business as
25 provided by law. *The bank commissioner may charge a fee for a letter of*
26 *good standing. The amount of such fee shall be established by rules and*
27 *regulations adopted by the bank commissioner.*

28 Sec. 2. K.S.A. 2012 Supp. 9-1111 is hereby amended to read as
29 follows: 9-1111. The general business of every bank shall be transacted at
30 the place of business specified in its certificate of authority and at one or
31 more branch banks established and operated as provided in this section.
32 Except for the establishment or operation of a trust branch bank or the
33 relocation of an existing trust branch bank pursuant to K.S.A. 9-1135, and
34 amendments thereto, it shall be unlawful for any bank to establish and
35 operate any branch bank or relocate an existing branch bank except as
36 hereinafter provided. Notwithstanding the provisions of this section, any

1 location at which a depository institution, as defined by K.S.A. 9-701, and
2 amendments thereto, receives deposits, renews time deposits, closes loans,
3 services loans or receives payments on loans or other obligations, as agent,
4 for a bank pursuant to subsection (25) of K.S.A. 9-1101, and amendments
5 thereto, or other applicable state or federal law, or is authorized to open
6 accounts or receive deposits under subsection (28) of K.S.A. 9-1101, and
7 amendments thereto, shall not be deemed to be a branch bank:

8 (a) For the purposes of this section, the term "branch bank" means
9 any office, agency or other place of business located within this state, other
10 than the place of business specified in the bank's certificate of authority, at
11 which deposits are received, checks paid, money lent or trust authority
12 exercised, if approval has been granted by the state bank commissioner,
13 under K.S.A. 9-1602, and amendments thereto;

14 (b) establishment of a new branch or relocation of an existing branch
15 for eligible banks:

16 (1) After first applying for and obtaining the approval of the
17 commissioner, an eligible bank incorporated under the laws of this state,
18 may establish and operate one or more branch banks or relocate an
19 existing branch bank, anywhere within this state;

20 (2) the application shall include the nature of the banking business to
21 be conducted at the proposed branch bank, the primary geographical area
22 to be served by it, the personnel and office facilities to be provided at the
23 proposed branch bank and other information the commissioner may
24 require;

25 (3) the application shall include the name selected for the proposed
26 branch bank. The name selected for the proposed branch bank shall not be
27 the name of any other bank or branch bank doing business within a 15
28 mile radius of the same city or town, nor shall the name selected be
29 required to contain the name of the applicant bank. If the name selected for
30 the proposed branch bank does not contain the name of the applicant bank,
31 the branch bank shall provide in the public lobby of such branch bank, a
32 public notice that it is a branch bank of the applicant bank;

33 (4) the application shall include proof of publication of notice that the
34 applicant bank intends to file or has filed an application to establish a
35 branch bank or relocate an existing branch bank. The notice shall be
36 published in a newspaper of general circulation in the county where the
37 applicant bank proposes to locate the branch bank. The notice shall be in
38 the form prescribed by the commissioner and at a minimum shall contain
39 the name and address of the applicant bank, the location of the proposed
40 branch and a solicitation for written comments. The notice shall be
41 published on the same day for two consecutive weeks and provide for a
42 comment period of not less than 10 days after the date of the second
43 publication;

1 (5) upon receipt of the application, and following expiration of the
2 comment period, the commissioner may hold a hearing in the county in
3 which the applicant bank seeks to operate the branch bank. *The applicant*
4 *shall be responsible for paying the actual costs associated with the public*
5 *hearing.* The applicant shall publish notice of the time, date and place of
6 such hearing in a newspaper of general circulation in the county where the
7 applicant bank proposes to locate the branch bank, not less than 10 nor
8 more than 30 days prior to the date of the hearing, and proof of publication
9 shall be filed with the commissioner. At any such hearing, all interested
10 persons shall be allowed to present written and oral evidence to the
11 commissioner, or the commissioner's designee, in support of or in
12 opposition to the branch bank. Upon completion of a transcript of the
13 testimony given at any such hearing, the transcript shall be filed in the
14 office of the commissioner;

15 (6) if the commissioner determines a public hearing is not warranted,
16 the commissioner shall approve or disapprove the application within 15
17 days after receipt of a complete application but not prior to the end of the
18 comment period. If a public hearing is held, the commissioner shall
19 approve or disapprove the application within 60 days after consideration of
20 the complete application and the evidence gathered during the
21 commissioner's investigation. The period for consideration of the
22 application may be extended if the commissioner determines the
23 application presents a significant supervisory concern. If the commissioner
24 finds that:

25 (A) There is a reasonable probability of usefulness and success of the
26 proposed branch bank; and

27 (B) the applicant bank's financial history and condition is sound, the
28 new branch or relocation shall be granted, otherwise, it shall be denied;

29 (7) within 15 days after any final action of the commissioner
30 approving or disapproving an application, the applicant, or any adversely
31 affected or aggrieved person who provided written comments during the
32 specified comment period, may request a hearing with the state banking
33 board. Upon receipt of a timely request, the board shall conduct a hearing
34 in accordance with the provisions of the Kansas administrative procedure
35 act. Any decision of the state banking board is subject to review in
36 accordance with the Kansas judicial review act;

37 (c) establishment of a new branch or relocation of an existing branch
38 for banks which do not meet the definition of "eligible bank":

39 (1) After first applying for and obtaining the approval of the state
40 banking board, a bank incorporated under the laws of this state, which
41 does not meet the definition of "eligible bank," may establish and operate
42 one or more branch banks, or relocate an existing branch bank, anywhere
43 within this state;

1 (2) an application under paragraph (1) of this subsection, to establish
2 and operate a branch bank or to relocate an existing branch bank shall be
3 in such form and contain such information as the rules and regulations of
4 the state bank commissioner, adopted pursuant to K.S.A. 9-1713, and
5 amendments thereto, shall provide;

6 (3) the application shall include estimates of the annual income and
7 expenses of the proposed branch bank, the annual volume of business to be
8 transacted by it, the nature of the banking business to be conducted at the
9 proposed branch bank, the primary geographical area to be served by it
10 and the personnel and office facilities to be provided at the proposed
11 branch bank;

12 (4) the application shall include the name selected for the proposed
13 branch bank. The name selected for the proposed branch bank shall not be
14 the name of any other bank or branch bank doing business within a 15
15 mile radius of the same city or town, nor shall the name selected be
16 required to contain the name of the applicant bank. If the name selected for
17 the proposed bank does not contain the name of the applicant bank, the
18 branch bank shall provide in the public lobby of such branch bank, a
19 public notice that it is a branch bank of the applicant bank;

20 (5) the application shall include proof of publication of notice that
21 applicant bank intends to file an application to establish a branch bank or
22 relocate an existing branch bank. The notice shall be published in a
23 newspaper of general circulation in the county where the applicant bank
24 proposes to locate the branch bank. The notice shall be in the form
25 prescribed by the state banking board and at a minimum shall contain the
26 name and address of the applicant bank, the location of the proposed
27 branch and a solicitation for written comments. The notice shall be
28 published on the same day for two consecutive weeks and provide for a
29 comment period of not less than 10 days after the date of the second
30 publication;

31 (6) upon receipt of an application meeting the above requirements,
32 and following the expiration of the comment period, within 60 days the
33 state banking board may hold a hearing in the county in which the
34 applicant bank seeks to establish and operate a branch bank. ***The applicant***
35 ***shall be responsible for paying the actual costs associated with the***
36 ***public hearing.*** Notice of the time, date and place of such hearing if one is
37 to be held shall be published in a newspaper of general circulation in the
38 county where the applicant bank proposes to locate the branch bank not
39 less than 10 or more than 30 days prior to the date of the hearing, and
40 proof of publication shall be filed with the commissioner. At any such
41 hearing, all interested persons shall be allowed to present written and oral
42 evidence to the board in support of or in opposition to the application.
43 Upon completion of a transcript of the testimony given at any such

1 hearing, the transcript shall be filed in the office of the commissioner and
2 copies shall be furnished to the members of the state banking board not
3 less than 10 days prior to the meeting of the board at which the application
4 will be considered;

5 (7) the state banking board shall approve or disapprove the
6 application within 90 days after consideration of the application and the
7 evidence gathered during the board's investigation. If the board finds that:

8 (A) There is a reasonable probability of usefulness and success of the
9 proposed branch bank; and

10 (B) the applicant bank's financial history and condition is sound, the
11 application shall be granted, otherwise, the application shall be denied;

12 (8) any final action of the board approving or disapproving an
13 application shall be subject to review in accordance with the Kansas
14 judicial review act upon the petition of the applicant or any adversely
15 affected or aggrieved person who provided written comments during the
16 specified comment period;

17 (d) any branch bank lawfully established and operating on the
18 effective date of this act may continue to be operated by the bank then
19 operating the branch bank and by any successor bank;

20 (e) branch banks which have been established and are being
21 maintained by a bank at the time of its merger into or consolidation with
22 another bank or at the time its assets are purchased and its liabilities are
23 assumed by another bank may continue to be operated by the surviving,
24 resulting or purchasing and assuming bank. The surviving, resulting or
25 purchasing and assuming bank, with approval of the state bank
26 commissioner, may establish and operate a branch bank or banks at the site
27 or sites of the merged, constituent or liquidated bank or banks;

28 (f) any state bank or national banking association may provide and
29 engage in banking transactions by means of remote service units wherever
30 located, which remote service units shall not be considered to be branch
31 banks. Any banking transaction effected by use of a remote service unit
32 shall be deemed to be transacted at a bank and not at a remote service unit;

33 (g) as a condition to the operation and use of any remote service unit
34 in this state, a state bank or national banking association, each hereinafter
35 referred to as a bank, which desires to operate or enable its customers to
36 utilize a remote service unit must agree that such remote service unit will
37 be available for use by customers of any other bank or banks upon the
38 request of such bank or banks to share its use and the agreement of such
39 bank or banks to share all costs, including a reasonable return on capital
40 expenditures incurred in connection with its development, installation and
41 operation. The owner of the remote service unit, whether a bank or any
42 other person, shall make the remote service unit available for use by other
43 banks and their customers on a nondiscriminatory basis, conditioned upon

1 payment of a reasonable proportion of all costs, including a reasonable
2 return on capital expenditures incurred in connection with the
3 development, installation and operation of the remote service unit.
4 Notwithstanding the foregoing provisions of this subsection, a remote
5 service unit located on the property owned or leased by the bank where the
6 principal place of business of a bank, or an attached auxiliary teller facility
7 or branch bank of a bank, is located need not be made available for use by
8 any other bank or banks or customers of any other bank or banks;

9 (h) for purposes of this section, "remote service unit" means an
10 electronic information processing device, including associated equipment,
11 structures and systems, through or by means of which information relating
12 to financial services rendered to the public is stored and transmitted,
13 whether instantaneously or otherwise, to a bank and which, for activation
14 and account access, is dependent upon the use of a machine-readable
15 instrument in the possession and control of the holder of an account with a
16 bank. The term shall include "online" computer terminals and "offline"
17 automated cash dispensing machines and automated teller machines, but
18 shall not include computer terminals or automated teller machines or
19 automated cash dispensing machines using systems in which account
20 numbers are not machine read and verified. Withdrawals by means of
21 "offline" systems shall not exceed \$300 per transaction and shall be
22 restricted to individual not corporate or commercial accounts;

23 (i) for purposes of this section, "eligible bank" means a state bank
24 that meets the following criteria:

25 (1) Received a composite rating of 1 or 2 under the uniform financial
26 institutions rating system as a result of its most recent federal or state
27 examination;

28 (2) meets the following three criteria for a well capitalized bank:

29 (A) Has a total risk based capital ratio of 10% or greater;

30 (B) has a tier one risk based capital ratio of 6% or greater; and

31 (C) has a leverage ratio of 5% or greater; and

32 (3) is not subject to a cease and desist order, consent order, prompt
33 corrective action directive, written agreement, memorandum of
34 understanding or other administrative agreement with its primary federal
35 regulator or the office of the state bank commissioner.

36 Sec. 3. K.S.A. 2012 Supp. 9-1135 is hereby amended to read as
37 follows: 9-1135. (a) Notwithstanding the requirements contained in K.S.A.
38 9-1111, and amendments thereto, a bank incorporated under the laws of
39 this state may establish or operate a trust branch bank anywhere in this
40 state.

41 (b) As used in this section, the term "trust branch bank" means any
42 office, agency or other place of business located within this state, other
43 than the place of business specified in the bank's certificate of authority,

1 the sole purpose of which is to exercise those trust powers granted to the
2 bank by the commissioner pursuant to K.S.A. 9-1602, and amendments
3 thereto. No trust branch bank established or operated pursuant to this
4 section shall be authorized to receive deposits, pay checks or lend money
5 without first applying for and obtaining approval as provided in K.S.A. 9-
6 1111, and amendments thereto.

7 (c) No bank shall establish or operate a trust branch bank or relocate
8 an existing trust branch bank until the bank has applied for and obtained
9 approval from the commissioner as provided by this section.

10 (d) An application to establish a trust branch bank as provided in this
11 section shall be in such form and contain such information as is required
12 by the commissioner and shall include certified copies of the following
13 documents:

14 (1) The written action taken by the board of directors of the bank
15 approving the proposed trust branch bank or the relocation of an existing
16 trust branch bank;

17 (2) all other required regulatory approvals; and

18 (3) an affidavit of publication of notice of intent to file an application
19 to establish or operate a trust branch bank or relocate an existing trust
20 branch bank. The publication of the notice shall be on the same day for
21 two consecutive weeks in the official newspaper of the city or county
22 where the proposed trust branch bank is to be located. The notice shall
23 be in the form prescribed by the commissioner and shall contain the name of
24 the applicant, the location of the proposed trust branch bank, the proposed
25 date of filing of the application with the commissioner, a solicitation for
26 written comments concerning the application and a notice of the public's
27 right to file a written request for a public hearing for the purpose of
28 presenting oral or written evidence regarding the proposed trust branch
29 bank. All comments and requests for public hearing shall be filed with the
30 commissioner on or before the 30th day after the date the application is
31 filed.

32 (e) A bank making application to the commissioner for approval of a
33 trust branch bank pursuant to this section shall pay to the commissioner a
34 fee, in an amount established by rules and regulations of the commissioner,
35 adopted pursuant to K.S.A. 9-1713, and amendments thereto, to defray the
36 expenses of the commissioner or designee in the examination and
37 investigation of the application. The commissioner shall remit all amounts
38 received under this section to the state treasurer in accordance with the
39 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
40 each such remittance, the state treasurer shall deposit the entire amount in
41 the state treasury to the credit of a separate account in the state treasury for
42 each application. The moneys in each such account shall be used to pay the
43 expenses of the commissioner or designee in the examination and

1 investigation of the application to which it relates and any unused balance
2 shall be transferred to the bank commissioner fee fund.

3 (f) Upon the filing of any such application with the commissioner, the
4 commissioner shall make or cause to be made, a careful examination and
5 investigation concerning:

6 (1) The reasonable probability of usefulness and success of the
7 proposed trust branch bank;

8 (2) the applicant bank's financial history and condition including the
9 character, qualifications and experience of the officers employed by the
10 bank; and

11 (3) whether the proposed trust branch bank can be established
12 without undue injury to properly conducted existing banks, national
13 banking associations and trust companies.

14 If the commissioner determines any of such matters unfavorably to the
15 applicants, the application shall be disapproved, but if not, the application
16 shall be approved.

17 (g) If no written request for public hearing is filed, the commissioner
18 shall render approval or disapproval of the application within 60 days after
19 the date upon which the application was filed.

20 (h) If a written request for public hearing is filed, the commissioner
21 shall hold a public hearing in a location determined by the commissioner
22 within 30 days of the close of the comment period. *The applicant shall be*
23 *responsible for paying the actual costs associated with the public hearing.*
24 Notice of the time, date and place of such hearing shall be published, by
25 the applicant, in a newspaper of general circulation in the county where the
26 proposed trust branch bank is to be located, not less than 10 or more than
27 30 days prior to the date of the hearing, and an affidavit of publication
28 shall be filed with the commissioner. At any such hearing, all interested
29 persons shall be allowed to present written and oral evidence to the
30 commissioner in support of or in opposition to the application. Upon
31 completion of a transcript of the testimony given at such hearing, the
32 transcript shall be filed in the office of the commissioner. Within 14 days
33 after the public hearing, the commissioner shall approve or disapprove the
34 application after consideration of the application and evidence gathered
35 during the commissioner's investigation.

36 (i) The commissioner may extend the period for approval or
37 disapproval if the commissioner determines that any information required
38 by this section has not been furnished, any material information submitted
39 is inaccurate or additional investigation is required. The commissioner,
40 prior to expiration of the application period provided in this section, shall
41 give written notice to the applicant of the commissioner's intent to extend
42 the period. Such notice shall include a specific date for expiration of the
43 extension period. If any information remains incomplete or inaccurate

1 upon the expiration of the extension period the application shall be
2 disapproved.

3 (j) Within 15 days after the date of the commissioner's approval or
4 disapproval of the application, the applicant or any individual or
5 corporation who filed a request for and presented evidence at the public
6 hearing shall have the right to appeal in writing to the state banking board
7 the commissioner's determination by filing a notice of appeal with the
8 commissioner. The board shall fix a date for a hearing, which hearing shall
9 be held within 45 days from the date the notice of appeal is filed. The
10 board shall conduct the hearing in accordance with the provisions of the
11 Kansas administrative procedure act and render its decision affirming or
12 rescinding the determination of the commissioner. Any action of the board
13 pursuant to this section is subject to review in accordance with the Kansas
14 judicial review act. Any party which files an appeal of the commissioner's
15 determination to the board shall pay to the commissioner a fee in an
16 amount established by rules and regulations of the commissioner, adopted
17 pursuant to K.S.A. 9-1713, and amendments thereto, to defray the board's
18 expenses associated with the conduct of the appeal.

19 (k) When the commissioner determines that any bank domiciled in
20 this state has established or is operating a trust branch bank in violation of
21 the laws governing the operation of such bank, the commissioner shall
22 give written notice to the bank of such determination. Within 15 days after
23 receipt of such notification, the bank shall have the right to appeal in
24 writing to the board the commissioner's determination. The board shall fix
25 a date for hearing, which hearing shall be held within 45 days after the
26 date of such appeal and shall be conducted in accordance with the
27 provisions of the Kansas administrative procedure act. At such hearing the
28 board shall hear all matters relevant to the commissioner's determination
29 and shall approve or disapprove the commissioner's determination, and the
30 decision of the board shall be final and conclusive. If the bank does not
31 appeal to the board from the commissioner's determination or if an appeal
32 is made and the commissioner's determination is upheld by the board, the
33 commissioner may proceed as provided in K.S.A. 9-1714, and
34 amendments thereto, until such time as the commissioner determines the
35 bank is in full compliance with the laws governing the operation of a trust
36 branch bank.

37 Sec. 4. K.S.A. 2012 Supp. 9-1402 is hereby amended to read as
38 follows: 9-1402. (a) Before any deposit of public moneys or funds shall be
39 made by any municipal corporation or quasi-municipal corporation of the
40 state of Kansas with any bank, savings and loan association or savings
41 bank, such municipal or quasi-municipal corporation shall obtain security
42 for such deposit in one of the following manners prescribed by this
43 section.

1 (b) Such bank, savings and loan association or savings bank may give
2 to the municipal corporation or quasi-municipal corporation a personal
3 bond in double the amount which may be on deposit at any given time.

4 (c) Such bank, savings and loan association or savings bank may give
5 a corporate surety bond of some surety corporation authorized to do
6 business in this state, which bond shall be in an amount equal to the public
7 moneys or funds on deposit at any given time less the amount of such
8 public moneys or funds which is insured by the federal deposit insurance
9 corporation or its successor and such bond shall be conditioned that such
10 deposit shall be paid promptly on the order of the municipal corporation or
11 quasi-municipal corporation making such deposits.

12 (d) Such bank, savings and loan association or savings bank may
13 deposit, maintain, pledge, assign, and grant a security interest in, or cause
14 its agent, trustee, wholly-owned subsidiary or affiliate having identical
15 ownership to deposit, maintain, pledge, assign, and grant a security interest
16 in, for the benefit of the governing body of the municipal corporation or
17 quasi-municipal corporation in the manner provided in this act, securities,
18 security entitlements, financial assets and securities accounts owned by the
19 depository institution directly or indirectly through its agent or trustee
20 holding securities on its behalf, or owned by the depository institutions
21 wholly-owned subsidiary or by such affiliate, the market value of which is
22 equal to 100% of the total deposits at any given time, and such securities,
23 security entitlements, financial assets and securities accounts, may be
24 accepted or rejected by the governing body of the municipal corporation or
25 quasi-municipal corporation and shall consist of the following and security
26 entitlements thereto:

27 (1) Direct obligations of, or obligations that are insured as to principal
28 and interest by, the United States of America or any agency thereof and
29 obligations, including but not limited to letters of credit, and securities of
30 United States sponsored corporations which under federal law may be
31 accepted as security for public funds;

32 (2) bonds of any municipal corporation or quasi-municipal
33 corporation of the state of Kansas which have been refunded in advance of
34 their maturity and are fully secured as to payment of principal and interest
35 thereon by deposit in trust, under escrow agreement with a bank, of direct
36 obligations of, or obligations the principal of and the interest on which are
37 unconditionally guaranteed by, the United States of America;

38 (3) bonds of the state of Kansas;

39 (4) general obligation bonds of any municipal corporation or quasi-
40 municipal corporation of the state of Kansas;

41 (5) revenue bonds of any municipal corporation or quasi-municipal
42 corporation of the state of Kansas if approved by the state bank
43 commissioner in the case of banks and by the savings and loan

1 commissioner in the case of savings and loan associations or federally
2 chartered savings banks;

3 (6) temporary notes of any municipal corporation or quasi-municipal
4 corporation of the state of Kansas which are general obligations of the
5 municipal or quasi-municipal corporation issuing the same;

6 (7) warrants of any municipal corporation or quasi-municipal
7 corporation of the state of Kansas the issuance of which is authorized by
8 the state court of tax appeals and which are payable from the proceeds of a
9 mandatory tax levy;

10 (8) bonds of either a Kansas not-for-profit corporation or of a local
11 housing authority that are rated at least Aa by Moody's Investors Service
12 or AA by Standard & Poor's Corp.;

13 (9) bonds issued pursuant to K.S.A. 12-1740 et seq., and amendments
14 thereto, that are rated at least MIG-1 or Aa by Moody's Investors Service
15 or AA by Standard & Poor's Corp.;

16 (10) notes of a Kansas not-for-profit corporation that are issued to
17 provide only the interim funds for a mortgage loan that is insured by the
18 federal housing administration;

19 (11) bonds issued pursuant to K.S.A. 74-8901 through 74-8916, and
20 amendments thereto;

21 (12) bonds issued pursuant to K.S.A. 68-2319 through 68-2330, and
22 amendments thereto;

23 (13) commercial paper that does not exceed 270 days to maturity and
24 which has received one of the two highest commercial paper credit ratings
25 by a nationally recognized investment rating firm; or

26 (14) (A) negotiable promissory notes together with first lien
27 mortgages on one to four family residential real estate located in Kansas
28 securing payment of such notes when such notes or mortgages:

29 (i) Are underwritten by the federal national mortgage association, the
30 federal home loan mortgage corporation, the federal housing
31 administration or the veterans administration standards; or are valued
32 pursuant to rules and regulations which shall be adopted by both the state
33 bank commissioner and the savings and loan commissioner after having
34 first being submitted to and approved by both the state banking board
35 under K.S.A. 9-1713, and amendments thereto, and the savings and loan
36 board. Such rules and regulations shall be published in only one place in
37 the Kansas administrative regulations as directed by the state rules and
38 regulations board;

39 (ii) have been in existence with the same borrower for at least two
40 years and with no history of any installment being unpaid for 30 days or
41 more; and

42 (iii) are valued at not to exceed 50% of the lesser of the following
43 three values: Outstanding mortgage balance; current appraised value of the

1 real estate; or discounted present value based upon current federal national
2 mortgage association or government national mortgage association interest
3 rates quoted for conventional, federal housing administration or veterans
4 administration mortgage loans.

5 (B) Securities under (A) shall be taken at their value for not more
6 than 50% of the security required under the provisions of this section.

7 (C) Securities under (A) shall be withdrawn immediately from the
8 collateral pool if any installment is unpaid for 30 days or more.

9 (D) A status report on all such loans shall be provided to the investing
10 governmental entity by the financial institution on a quarterly basis.

11 (e) No such bank, savings and loan association or savings bank may
12 deposit and maintain for the benefit of the governing body of a municipal
13 or quasi-municipal corporation of the state of Kansas, any securities which
14 consist of:

15 (1) Bonds secured by revenues of a utility which has been in
16 operation for less than three years; or

17 (2) bonds issued under K.S.A. 12-1740 et seq., and amendments
18 thereto, unless such bonds have been refunded in advance of their maturity
19 as provided in subsection (d) or such bonds are rated at least Aa by
20 Moody's Investors Service or AA by Standard & Poor's Corp.

21 ~~(f) Any expense incurred in connection with granting approval of~~
22 ~~revenue bonds shall be paid by the applicant for approval.~~ *Any person*
23 *making an application for the commissioner's approval of a revenue bond*
24 *shall pay the commissioner a fee. The amount of such fee shall be*
25 *established by rules and regulations adopted by the commissioner.*

26 Sec. 5. K.S.A. 2012 Supp. 9-1804 is hereby amended to read as
27 follows: 9-1804. (a) No bank or trust company incorporated under the laws
28 of this state shall change its place of business, from one city or town to
29 another or from one location to another within the same city or town,
30 without prior approval. Any such bank or trust company desiring to change
31 its place of business shall file written application with the office of the
32 state bank commissioner in such form and containing such information as
33 the board and the commissioner shall require. Notice of the proposed
34 relocation shall be published in a newspaper of general circulation in the
35 county where the main bank or trust company is currently located and in
36 the county to which the bank or trust company proposes to relocate. The
37 notice shall be in the form prescribed by the commissioner and at a
38 minimum shall contain the name and address of the applicant bank or trust
39 company, the address of the proposed new location and a solicitation for
40 written comments. The notice shall be published on the same day for two
41 consecutive weeks and provide for a comment period of not less than 10
42 calendar days after the date of the second publication. The applicant shall
43 provide proof of publication to the commissioner.

1 (b) If the applicant is an eligible bank or an eligible trust company,
2 the commissioner shall examine and investigate the application. If the
3 commissioner determines:

4 (1) There is a reasonable probability of usefulness and success of the
5 bank or trust company in the proposed location; and

6 (2) the applicant bank's or trust company's financial history and
7 condition is sound, the application shall be approved, otherwise, it shall be
8 denied.

9 (c) Within 15 days after any final action of the commissioner
10 approving or disapproving an application, the applicant, or any adversely
11 affected or aggrieved person who provided written comments during the
12 specified comment period, may request a hearing with the state banking
13 board. Upon receipt of a timely request, the board shall conduct a hearing
14 in accordance with the provisions of the Kansas administrative procedure
15 act. *Any party requesting a public hearing pursuant to this section shall*
16 *pay the actual expenses associated with such hearing.* Any decision of the
17 state banking board is subject to review in accordance with the Kansas
18 judicial review act.

19 (d) If a bank does not meet the definition of an eligible bank or a trust
20 company does not meet the definition of an eligible trust company, the
21 state banking board shall examine and investigate the application. If the
22 board determines:

23 (1) There is a reasonable probability of usefulness and success of the
24 bank or trust company in the proposed location; and

25 (2) the applicant bank's or trust company's financial history and
26 condition is sound, the application shall be approved, otherwise, it shall be
27 denied.

28 (e) Any final action of the board approving or disapproving an
29 application shall be subject to review in accordance with the Kansas
30 judicial review act upon the petition of the applicant, or any adversely
31 affected or aggrieved person who provided written comments during the
32 specified comment period.

33 ~~(f) The expenses of such examination and investigation shall be paid~~
34 ~~by the bank or trust company which shall deposit with the commissioner a~~
35 ~~fee in an amount~~ *A person making application pursuant to this section*
36 *shall pay a fee to the commissioner. The amount of such fee shall be*
37 *established by rules and regulations adopted by the commissioner. The*
38 *commissioner shall remit all amounts received under this section to the*
39 *state treasurer in accordance with the provisions of K.S.A. 75-4215, and*
40 *amendments thereto. Upon receipt of each such remittance, the state*
41 *treasurer shall deposit the entire amount in the state treasury to the credit*
42 *of a separate special account in the state treasury for each application. The*
43 *moneys in each such account shall be used only to pay the expenses of the*

1 examination and investigation to which it relates, and any unused portion
2 of such deposit shall be transferred to the bank commissioner fee fund.

3 (g) For purposes of this section:

4 (1) "Eligible bank" means a state bank that meets the following
5 criteria:

6 (A) Received a composite rating of 1 or 2 under the uniform financial
7 institutions rating system as a result of its most recent federal or state
8 examination;

9 (B) meets the following three criteria for a well capitalized bank:

10 (i) Has a total risk based capital ratio of 10% or greater;

11 (ii) has a tier one risk based capital ratio of 6% or greater; and

12 (iii) has a leverage ratio of 5% or greater; and

13 (C) is not subject to a cease and desist order, consent order, prompt
14 corrective action directive, written agreement, memorandum of
15 understanding or other administrative agreement with its primary federal
16 regulator or the office of the state bank commissioner; and

17 (2) "eligible trust company" means a state chartered trust company
18 that meets the following criteria:

19 (A) Received a composite rating of 1 or 2 under the uniform
20 interagency trust rating system as a result of its most recent state
21 examination; and

22 (B) is not subject to a cease and desist order, consent order, written
23 agreement, memorandum of understanding or other administrative
24 agreement with the office of the state bank commissioner.

25 Sec. 6. K.S.A. 2012 Supp. 9-2107 is hereby amended to read as
26 follows: 9-2107. (a) As used in this section:

27 (1) "Contracting trustee" means any trust company, as defined in
28 K.S.A. 9-701, and amendments thereto, any bank that has been granted
29 trust authority by the state bank commissioner under K.S.A. 9-1602, and
30 amendments thereto, or any national bank chartered to do business in
31 Kansas that has been granted trust authority by the comptroller of the
32 currency under 12 U.S.C. § 92a, or any bank that has been granted trust
33 authority or any trust company, regardless of where such bank or trust
34 company is located, and which is controlled, as defined in K.S.A. 9-1612,
35 and amendments thereto, by the same bank holding company as any trust
36 company, state bank or national bank chartered to do business in Kansas,
37 which accepts or succeeds to any fiduciary responsibility as provided in
38 this section;

39 (2) "originating trustee" means any trust company, bank, national
40 banking association, savings and loan association or savings bank which
41 has trust powers and its principal place of business is in this state and
42 which places or transfers any fiduciary responsibility to a contracting
43 trustee as provided in this section;

1 (3) "financial institution" means any bank, national banking
2 association, savings and loan association or savings bank which has its
3 principal place of business in this state but which does not have trust
4 powers.

5 (b) Any contracting trustee and any originating trustee may enter into
6 an agreement by which the contracting trustee, without any further
7 authorization of any kind, succeeds to and is substituted for the originating
8 trustee as to all fiduciary powers, rights, duties, privileges and liabilities
9 with respect to all accounts for which the originating trustee serves in any
10 fiduciary capacity, except as may be provided otherwise in the agreement.
11 Notwithstanding the provisions of this section, no contracting trustee as
12 defined in K.S.A. 9-2107(a)(1), and amendments thereto, having its home
13 office outside the state of Kansas shall enter into an agreement except with
14 an originating trustee which is commonly controlled as defined in K.S.A.
15 9-1612, and amendments thereto, by the same bank holding company.

16 (c) Unless the agreement expressly provides otherwise, upon the
17 effective date of the substitution:

18 (1) The contracting trustee shall be deemed to be named as the
19 fiduciary in all writings, including, without limitation, trust agreements,
20 wills and court orders, which pertain to the affected fiduciary accounts;

21 (2) the originating trustee is absolved from all fiduciary duties and
22 obligations arising under such writings and shall discontinue the exercise
23 of any fiduciary duties with respect to such writings, except that the
24 originating trustee is not absolved or discharged from any duty to account
25 required by K.S.A. 59-1709, and amendments thereto, or any other
26 applicable statute, rule of law, rules and regulations or court order, nor
27 shall the originating trustee be absolved from any breach of fiduciary duty
28 or obligation occurring prior to the effective date of the agreement.

29 (d) The agreement may authorize the contracting trustee:

30 (1) To establish a trust service desk at any office of the originating
31 trustee at which the contracting trustee may conduct any trust business and
32 any business incidental thereto and which the contracting trustee may
33 otherwise conduct at its principal place of business; and

34 (2) to engage the originating trustee as the agent of the contracting
35 trustee, on a disclosed basis to customers, for the purposes of providing
36 administrative, advertising and safekeeping services incident to the
37 fiduciary services provided by the contracting trustee.

38 (e) Any contracting trustee may enter into an agreement with a
39 financial institution providing that the contracting trustee may establish a
40 trust service desk as authorized by subsection (d) in the offices of such
41 financial institution and which provides such financial institution, on a
42 disclosed basis to customers, may act as the agent of contracting trustee for
43 purposes of providing administrative services and advertising incident to

1 the fiduciary services to be performed by the contracting trustee.

2 (f) No activity authorized by subsections (b) through (e) shall be
3 conducted by any contracting trustee, originating trustee or financial
4 institution until an application for such authority has been submitted to and
5 approved by the commissioner. The application shall be in the form and
6 contain the information required by the commissioner, which shall at a
7 minimum include certified copies of the following documents:

8 (1) The agreement;

9 (2) the written action taken by the board of directors of the
10 originating trustee or financial institution approving the agreement;

11 (3) all other required regulatory approvals;

12 (4) an affidavit of publication of notice of intent to file the application
13 with the commissioner. Publication of the notice shall be on the same day
14 for two consecutive weeks in the official newspaper of the city or county
15 where the principal office of the originating trustee or financial institution
16 is located. The notice shall be in the form prescribed by the commissioner
17 and shall contain the name of the applicant contracting trustee, the
18 originating trustee or financial institution, the proposed date of filing of the
19 application with the commissioner, a solicitation for written comments
20 concerning the application, and a notice of the public's right to file a
21 written request for a public hearing for the purpose of presenting oral or
22 written evidence regarding the proposed agreement. All comments and
23 requests for public hearing shall be filed with the commissioner on or
24 before the 30th day after the date the application is filed; and

25 (5) a certification by the parties to the agreement that written notice
26 of the proposed substitution was sent by first-class mail to each
27 cofiduciary, each surviving settlor of a trust, each ward of a guardianship,
28 each person who has sole or shared power to remove the originating
29 trustee as fiduciary and each adult beneficiary currently receiving or
30 entitled to receive a distribution of principle or income from a fiduciary
31 account affected by the agreement, and that such notice was sent to each
32 such person's address as shown in the originating trustee's records. An
33 unintentional failure to give such notice shall not impair the validity or
34 effect of any such agreement, except an intentional failure to give such
35 notice shall render the agreement null and void as to the party not
36 receiving the notice of substitution.

37 (g) A contracting trustee making application to the commissioner for
38 approval of any agreement pursuant to this section shall pay to the
39 commissioner a fee, in an amount established by rules and regulations of
40 the commissioner adopted pursuant to K.S.A. 9-1713, and amendments
41 thereto, to defray the expenses of the commissioner or designee in the
42 examination and investigation of the application. The commissioner shall
43 remit all amounts received under this section to the state treasurer in

1 accordance with the provisions of K.S.A. 75-4215, and amendments
2 thereto. Upon receipt of each such remittance, the state treasurer shall
3 deposit the entire amount in the state treasury to the credit of a separate
4 account in the state treasury for each application. The money in each such
5 account shall be used to pay the expenses of the commissioner, or designee
6 in the examination and investigation of the application to which it relates
7 and any unused balance shall be transferred to the bank commissioner fee
8 fund.

9 (h) Upon the filing of any such application with the commissioner,
10 the commissioner shall make or cause to be made, a careful examination
11 and investigation concerning:

12 (1) The reasonable probability of usefulness and success of the
13 contracting trustee;

14 (2) the financial history and condition of the contracting trustee
15 including the character, qualifications and experience of the officers
16 employed by the contracting trustee; and

17 (3) whether the contracting agreement will result in any undue injury
18 to properly conducted existing banks, national banks and trust companies.

19 If the commissioner shall determine any of such matters unfavorably to
20 the applicants, the application shall be disapproved, but if not, then the
21 application shall be approved.

22 (i) If no written request for public hearing is filed, the commissioner
23 shall render approval or disapproval of the application within 60 days of
24 the date upon which the application was filed.

25 (j) If a written request for public hearing is filed, the commissioner
26 shall hold within 30 days of the close of the comment period, a public
27 hearing in a location determined by the commissioner. *The applicant shall*
28 *be responsible for paying the actual costs associated with the public*
29 *hearing.* Notice of the time, date and place of such hearing shall be
30 published by the applicant in a newspaper of general circulation in the
31 county where the originating trustee or financial institution is located, not
32 less than 10 nor more than 30 days prior to the date of the hearing, and an
33 affidavit of publication shall be filed with the commissioner. At any such
34 hearing, all interested persons may present written and oral evidence to the
35 commissioner in support of or in opposition to the application. Upon
36 completion of a transcript of the testimony given at any such hearing, the
37 transcript shall be filed in the office of the commissioner. Within 14 days
38 after the public hearing, the commissioner shall approve or disapprove the
39 application after consideration of the application and evidence gathered
40 during the commissioner's investigation.

41 (k) The commissioner may extend the period for approval or
42 disapproval if the commissioner determines that any information required
43 by this section has not been furnished, any material information submitted

1 is inaccurate or additional investigation is required. The commissioner,
2 prior to expiration of the application period provided for by this section,
3 shall give written notice to each party to the agreement of the
4 commissioner's intent to extend the period which shall include a specific
5 date for expiration of the extension period. If any information remains
6 incomplete or inaccurate upon the expiration of the extension period the
7 application shall be disapproved.

8 (l) Within 15 days of the date of the commissioner's approval or
9 denial, the applicant or any individual or corporation who filed a request
10 for and presented evidence at the public hearing shall have the right to
11 appeal in writing to the state banking board the commissioner's
12 determination by filing a notice of appeal with the commissioner. The state
13 banking board shall fix a date for hearing, which hearing shall be held
14 within 45 days after such notice of appeal is filed. The board shall conduct
15 the hearing in accordance with the provisions of the Kansas administrative
16 procedure act and render its decision affirming or rescinding the
17 determination of the commissioner. Any action of the board pursuant to
18 this section is subject to review in accordance with the Kansas judicial
19 review act. Any party which files an appeal to the state banking board of
20 the commissioner's determination shall pay to the commissioner a fee in an
21 amount established by rules and regulations of the commissioner, adopted
22 pursuant to K.S.A. 9-1713, and amendments thereto, to defray the board's
23 expenses associated with the conduct of the appeal.

24 (m) When the commissioner determines that any contracting trustee
25 domiciled in this state has entered into a contracting agreement in violation
26 of the laws governing the operation of such contracting trustee, the
27 commissioner shall give written notice to the contracting trustee and the
28 originating trustee or financial institution of such determination. Within 15
29 days after receipt of such notification, the contracting trustee and
30 originating trustee or financial institution shall have the right to appeal in
31 writing to the state banking board the commissioner's determination. The
32 board shall fix a date for hearing, which shall be held within 45 days after
33 the date of the appeal and shall be conducted in accordance with the
34 Kansas administrative procedure act. At such hearing the board shall hear
35 all matters relevant to the commissioner's determination and shall approve
36 or disapprove the commissioner's determination. The decision of the board
37 shall be final and conclusive. If the contracting trustee does not appeal to
38 the board from the commissioner's determination or if an appeal is made
39 and the commissioner's determination is upheld by the board, the
40 commissioner may proceed as provided in K.S.A. 9-1714, and
41 amendments thereto, until such time as the commissioner determines the
42 contracting trustee, originating trustee and financial institution are in full
43 compliance with the laws governing the operation of a contracting trustee

1 and originating trustee or financial institution.

2 (n) Any party entitled to receive a notice under subsection (f)(5) may
3 file a petition in the court having jurisdiction over the fiduciary
4 relationship, or if none, in the district court in the county where the
5 originating trustee has its principal office, seeking to remove any
6 contracting trustee substituted or about to be substituted as fiduciary
7 pursuant to this section. Unless the contracting trustee files a written
8 consent to its removal or a written declination to act subsequent to the
9 filing of the petition, the court, upon notice and hearing, shall determine
10 the best interest of the petitioner and all other parties concerned and shall
11 fashion such relief as it deems appropriate in the circumstances, including
12 the awarding of reasonable attorney fees. The right to file a petition under
13 this subsection shall be in addition to any other rights to remove fiduciary
14 provided by any other statute or regulation or by the writing creating the
15 fiduciary relationship. If the removal of the fiduciary is prompted solely as
16 a result of the contracting agreement, any reasonable cost associated with
17 such removal and transfer, not to exceed \$200 per account, shall be paid by
18 the originating trustee or financial institution entering into the agreement.

19 Sec. 7. K.S.A. 2012 Supp. 9-2108 is hereby amended to read as
20 follows: 9-2108. It is unlawful for any trust company to establish or
21 operate a trust service office or relocate an existing trust service office
22 except as provided in this act.

23 (a) As used in this section: "Trust service office" means any office,
24 agency or other place of business located within this state other than the
25 place of business specified in the trust company's certificate of authority, at
26 which the powers granted to trust companies under K.S.A. 9-2103, and
27 amendments thereto, are exercised. For the purposes of this section, any
28 activity in compliance with K.S.A. 9-2107, and amendments thereto, does
29 not constitute a trust service office.

30 (b) After first applying for and obtaining the approval of the
31 commissioner under this section, one or more trust service offices may be
32 established or operated in any city within this state by a trust company
33 incorporated under the laws of this state.

34 (c) An application to establish or operate a trust service office or to
35 relocate an existing trust service office shall be in such form and contain
36 such information as required by the commissioner and shall include
37 certified copies of the following documents:

38 (1) The written action taken by the board of directors of the trust
39 company approving the establishment or operation of the proposed trust
40 service office or the proposed relocation of the trust service office;

41 (2) all other required regulatory approvals; and

42 (3) an affidavit of publication of notice of intent to file an application
43 to establish or operate a trust service office or relocate an existing trust

1 service office. Publication of the notice shall be on the same day for two
2 consecutive weeks in the official newspaper of the city where the proposed
3 trust service office is to be located. The notice shall be in the form
4 prescribed by the commissioner and shall contain the name of the
5 applicant, the location of the proposed trust service office, the proposed
6 date of filing of the application with the commissioner, a solicitation for
7 written comments concerning the application and a notice of the public's
8 right to file a written request for a public hearing for the purpose of
9 presenting oral or written evidence regarding the proposed trust service
10 office. All comments and requests for public hearing shall be filed with the
11 commissioner on or before the 30th day after the date the application is
12 filed.

13 (d) A trust company making application to the commissioner for
14 approval of a trust service office under this section shall pay to the
15 commissioner a fee, in an amount established by rules and regulations of
16 the commissioner, adopted pursuant to K.S.A. 9-1713, and amendments
17 thereto, to defray the expenses of the commissioner or designee in the
18 examination and investigation of the application. The commissioner shall
19 remit all amounts received under this section to the state treasurer in
20 accordance with the provisions of K.S.A. 75-4215, and amendments
21 thereto. Upon receipt of each such remittance, the state treasurer shall
22 deposit the entire amount in the state treasury to the credit of a separate
23 account in the state treasury for each application. The moneys in each such
24 account shall be used to pay the expenses of the commissioner or designee
25 in the examination and investigation of the application to which it relates
26 and any unused balance shall be transferred to the bank commissioner fee
27 fund.

28 (e) Upon filing of any such application with the commissioner, the
29 commissioner shall make or cause to be made, a careful examination and
30 investigation concerning:

31 (1) The reasonable probability of usefulness and success of the
32 proposed trust service office;

33 (2) the applicant trust company's financial history and condition
34 including the character, qualifications and experience of the officers
35 employed by the trust company; and

36 (3) whether the proposed trust service office can be established
37 without undue injury to properly conducted existing banks, national
38 banking associations and trust companies. If the commissioner determines
39 any of such matters unfavorably to the applicants, the application shall be
40 disapproved, but if not, the application shall be approved.

41 (f) If no written request for public hearing is filed, the commissioner
42 shall render approval or disapproval of the application within 60 days of
43 the date upon which the application was filed.

1 (g) If a written request for public hearing is filed, the commissioner
2 shall hold a public hearing in a location determined by the commissioner
3 within 30 days of the close of the comment period. *The applicant shall be*
4 *responsible for paying the actual costs associated with the public hearing.*
5 Notice of the time, date and place of the hearing shall be published by the
6 applicant in a newspaper of general circulation in the county where the
7 proposed trust service office is to be located, not less than 10 or more than
8 30 days prior to the date of the hearing, and an affidavit of publication
9 shall be filed with the commissioner. At any such hearing, all interested
10 persons shall be allowed to present written and oral evidence to the
11 commissioner in support of or in opposition to the application. Upon
12 completion of a transcript of the testimony given at any such hearing, the
13 transcript shall be filed in the office of the commissioner. Within 14 days
14 after the public hearing, the commissioner shall approve or disapprove the
15 application after consideration of the application and evidence gathered
16 during the commissioner's investigation.

17 (h) The commissioner may extend the period for approval or
18 disapproval if the commissioner determines that any information required
19 by this section has not been furnished, any material information submitted
20 is inaccurate or additional investigation is required. The commissioner,
21 prior to expiration of the application period as provided in this section,
22 shall give written notice to the applicant of the commissioner's intent to
23 extend the period and such notice shall include a specific date for
24 expiration of the extension period. If any information remains incomplete
25 or inaccurate upon the expiration of the extension period the application
26 shall be disapproved.

27 (i) Within 15 days of the date after the commissioner's approval or
28 disapproval of the application, the applicant or any individual or
29 corporation who filed a request for and presented evidence at the public
30 hearing shall have the right to appeal in writing to the state banking board
31 the commissioner's determination, by filing a notice of appeal with the
32 commissioner. The state banking board shall fix a date for a hearing, which
33 hearing shall be held within 45 days from the date such notice of appeal is
34 filed. The board shall conduct the hearing in accordance with the
35 provisions of the Kansas administrative procedure act and render its
36 decision affirming or rescinding the determination of the commissioner.
37 Action of the board pursuant to this section is subject to review in
38 accordance with the Kansas judicial review act. Any party which files an
39 appeal to the state banking board of the commissioner's determination
40 shall pay to the commissioner a fee in an amount established by rules and
41 regulations of the commissioner, adopted pursuant to K.S.A. 9-1713, and
42 amendments thereto, to defray the board's expenses associated with the
43 conduct of the appeal.

1 (j) When the commissioner determines that a trust company
2 domiciled in this state has established or is operating a trust service office
3 in violation of the laws governing the operation of such trust company, the
4 commissioner shall give written notice to the trust company of such
5 determination. Within 15 days after receipt of such notification, the trust
6 company may appeal in writing to the state banking board the
7 commissioner's determination. The board shall fix a date for hearing,
8 which hearing shall be held within 45 days from the date of such appeal
9 and shall be conducted in accordance with the provisions of the Kansas
10 administrative procedure act. At such hearing the board shall hear all
11 matters relevant to the commissioner's determination and shall approve or
12 disapprove the commissioner's determination, and the decision of the
13 board shall be final and conclusive. If the trust company does not appeal to
14 the state banking board from the commissioner's determination or if an
15 appeal is made and the commissioner's determination is upheld by the
16 board, the commissioner may proceed as provided in K.S.A. 9-1714, and
17 amendments thereto, until such time as the commissioner determines the
18 trust company is in full compliance with the laws governing the operation
19 of a trust service office.

20 Sec. 8. K.S.A. 2012 Supp. 9-2111 is hereby amended to read as
21 follows: 9-2111. (a) Except as provided in K.S.A. 9-2107, and
22 amendments thereto, no trust company, trust department of a bank,
23 corporation or other business entity, the home office of which is located
24 outside the state of Kansas, shall establish or operate a trust facility within
25 the state of Kansas, unless the laws of the state where the home office of
26 the nonresident trust company, trust department of a bank, corporation or
27 other business entity is located, reciprocally authorize a Kansas chartered
28 trust company, trust department of a bank, corporation or other business
29 entity to establish or operate a trust facility within that state.

30 (b) Before any nonresident trust company, trust department of a bank,
31 corporation or other business entity establishes a trust facility in Kansas, a
32 copy of the application submitted to the home state, and proof that the
33 home state has reciprocity with Kansas, must be filed by the applicant with
34 the commissioner.

35 (c) No Kansas trust company shall establish an out-of-state trust
36 facility until an application has been filed with the commissioner and
37 approval has been received. An application filed pursuant to this section
38 shall be subject to the provisions in K.S.A. 9-2108, and amendments
39 thereto.

40 (d) No Kansas bank with a trust department shall establish an out-of-
41 state trust facility until an application has been filed with the commissioner
42 and approval has been received. An application filed pursuant to this
43 section shall be subject to the provisions in K.S.A. 9-1135, and

1 amendments thereto.

2 (e) *A Kansas trust company or Kansas bank making application to*
3 *the commissioner for approval to establish a trust facility pursuant to*
4 *subsection (c) or (d) shall pay to the commissioner a fee. The amount of*
5 *such fee shall be established by rules and regulations of the commissioner*
6 *adopted pursuant to K.S.A. 9-1713, and amendments thereto. The*
7 *commissioner shall remit all amounts received under this section to the*
8 *state treasurer in accordance with the provisions of K.S.A. 75-4215, and*
9 *amendments thereto. Upon receipt of each such remittance, the state*
10 *treasurer shall deposit the entire amount in the state treasury to the credit*
11 *of a separate account in the state treasury for each application. The*
12 *money in each such account shall be used to pay the expenses of the*
13 *commissioner; or commissioner's designee in the examination and*
14 *investigation of the application to which it relates and any unused balance*
15 *shall be transferred to the bank commissioner fee fund.*

16 (f) As used in this section, "trust facility" means any office, agency,
17 desk or other place of business, at which trust business is conducted.

18 Sec. 9. K.S.A. 9-804 and K.S.A. 2012 Supp. 9-1111, 9-1135, 9-1402,
19 9-1804, 9-2107, 9-2108 and 9-2111 are hereby repealed.

20 Sec. 10. This act shall take effect and be in force from and after its
21 publication in the statute book.