

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS.

The meeting was called to order by Chairperson Ray Cox at 3:30 p.m. on January 29, 2001 in Room 527-S of the Capitol.

All members were present except:

Rep. Bonnie Sharp - Excused
Rep. Dixie Toelkes - Excused

Committee staff present:

Dr. Bill Wolff, Legislative Research
Bruce Kinzie, Revisor's Office
Maggie Breen, Committee Secretary

Conferees appearing before the committee:

Karen France, Director of Governmental Relations -
Kansas Association of Realtors
Judi Stork, Office of the State Bank Commissioner
Chuck Stones, Kansas Bankers Association

Others attending: See attached list

Chairman Cox opened the floor for bill introductions.

Karen France, Kansas Association of Realtors, requested the committee introduce a bill that would allow consumers to access their credit scores from credit bureaus. Presently, consumers have the right to review narrative credit reports but no right to review their credit score. (**Attachment 1**)

Representative Cox said without objection the bill was introduced.

Chairman Cox opened the hearing on:

HB 2146 - Providing products and services a national bank may provide

Proponents:

Judi Stork, OSBC, asked the committee's favorable consideration of **HB 2146**. It would add a new subsection to K.S.A. 9-1101 to authorize state banks to form "financial subsidiaries," and engage in the broad array of activities that are authorized for financial subsidiaries by the Gramm-Leach Biley Act (GLBA), Pub. L. 106-102. The GLBA only authorized formation of financial subsidiaries for national banks. This requires the individual states to provide authority for their state-chartered states. Numerous states, including our four border states, have already done so. The bill includes all of the provisions of the Bank Commissioners' Special Order 2000-1 and a few additional powers that were not included in the Order, but allowed for by the GLBA. The bill would allow full parity between state-chartered banks and national banks in Kansas. The OSBC supervises and regulates the bank and the subsidiaries are subject to functional licensing, supervision and regulation. The OSBC feels that it is essential that state-chartered banks are on an equal playing field with national banks. (**Attachment 2**)

Chuck Stones, Kansas Bankers Association, spoke in favor of **HB 2146**. Parity is very important to state-chartered banks. Banks in towns of 5,000 have always been able to engage in insurance activities. (**Attachment 3**)

Rick Fleming, Office of the Securities Commissioner - Written testimony only (**Attachment 4**)

Chairman Cox closed the hearing on **HB 2146** and opened the hearing on:

HB 2149 - Bank commissioner, sharing certain information

Judi Stork, OSBC, requested favorable passage of **HB 2149**. The bill amends K.S.A. 9-1303, which is the statute that provides for the sharing of confidential information between the bank commissioner's office and

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the insurance commissioners' and the securities commissioners' offices. This is necessary due to the functional regulation when dealing with subsidiaries. (**Attachment 5**)

Chuck Stones, Kansas Bankers Association, said it was important to share information and his organization understands that and agrees with the bill. (**Attachment 6**)

Chairman Cox closed the hearing on **HB 2149** and opened the hearing on:

HB 2147 - Unlawful transactions; holding property

Proponent:

Chuck Stones, Kansas Bankers Association, said that currently the law provides that a bank must sell personal property, that a bank repossesses, within six months. The bank commissioner routinely extends the time another six months. The bill changes the time allotted to twelve months. The initial concern was specifically for manufactured homes, which are classified as personal property, but the bill covers all personal property. He said the OSBC has told his organization that "safe and soundness" is not a concern with the extension to twelve months. (**Attachment 7**)

Chairman Cox closed the hearing on **HB 2147** and opened the hearing on:

HB 2148 - Certification of trusts

Proponent:

Chuck Stones, Kansas Bankers Association said he'd like to introduce a new concept in Kansas which is mirrored off of a Nebraska law. It would allow for voluntary certificate that would show a third party dealing with a trustee that the trustee does indeed have the authority to do what it says its doing. The bill would provide an alternative to trustees who do not wish to copy the full trust and it's use would provide protection to third parties dealing with a trustee. **Chuck** stressed that the certificate was voluntary. He said that there was a technical amendment needed on page 2. (**Attachment 8**)

Bruce Kinzie said the amendment should read "signature is that of the corporate trustee or the signature or signatures of one or more of."

Chairman Cox closed the hearing on **HB 2148** and said the committee would work the bills.

HB 2146

Representative Tomlinson moved that the committee pass **HB 2146** marked favorable for passage and, because it is of a non-controversial nature, be placed on the consent calendar. Representative Dreher seconded the motion. The bill could not be put on the consent calendar due to one nay vote. Representative Tomlinson restated his motion and moved the committee pass the bill marked favorably. Representative Dreher seconded the motion. The motion carried.

HB 2149

Representative Grant moved that the committee pass **HB 2149** favorably for passage and since it is of a non-controversial nature, be placed on the consent calendar. Representative McCreary seconded the motion. The motion carried.

HB 2147

Representative Dreher moved that the committee pass **HB 2147** favorably for passage and since it is of a non-controversial nature, be placed on the consent calendar. Representative Tomlinson seconded the motion. The bill could not be placed on the consent calendar due to one nay vote. The motion to pass favorably carried.

HB 2148

Representative Merrick made a motion to adopt the amendment to the bill as stated by Bruce Kinzie.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

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Representative Grant seconded the motion. The motion carried.

Representative Grant made a motion to pass the bill as amended favorably for passage. Representative Gatewood seconded the motion. The motion carried.

Chairman Cox presented the committee minutes for January 24 for approval.

Representative Grant made a motion to approve the minutes as written. Representative Vickrey seconded the motion. The motion carried.

The meeting was adjourned at 4:10 p.m.

The next meeting is scheduled for Monday, February 12, 2001.

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