

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE

The meeting was called to order by Chairman Ray Cox at 3:30 P.M. on February 15, 2006 in Room 527-S of the Capitol.

All members were present except:

Representative Steve Brunk - Excused

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department

Reagan Cussimano, Kansas Legislative Research Department

Bruce Kinzie, Revisor of Statutes Office

Patti Magathan, Committee Secretary

Conferees appearing before the committee:

Pam Scott, Executive Director of Kansas Funeral Directors and Embalmers Association

Sonya Allen, General Counsel for Office of State Banking Commissioner

Others attending:

See attached list.

Chairman Cox announced that the committee would work **HB 2735 - UCCC, definition of appraised value, independent valuation model.**

Representative Dilmore said that he had two amendments to offer. The first restricts Automatic Valuation Methods (AVM) to those methods validated by an independent credit rating agency. The second amendment adds a stipulation that the loan amount will not be disclosed to an appraiser or be a required input into AVM software. The first amendment will appear in UCCC code, while the second is of a more general nature and will appear in Real Estate Code. Revisor, Bruce Kinsey announced that he would have to adjust the language to put in "acceptable to the Commissioner" on lines 11 and 12. This statement was inadvertently eliminated on the balloon. (**Attachment 1, 2**)

Following questions, Representative Dilmore asked that the words, "such as Standard and Poors" be removed from the first amendment. He then made a motion that his amendments to HB 2735 be approved as modified. Motion was seconded by Representative Burroughs. Motion passed.

Representative Dilmore made a motion that HB 2735 be passed favorably from committee as amended. Motion was seconded by Representative Goico. Motion passed. Representative Hummerickhouse asked to go on record as having dissented.

Chairman Cox opened hearings on **HB 2824 - Eliminating the waiting requirement for pre-arranged funeral agreement accounts.**

Testifying was **Pam Scott**, Executive Director of Kansas Funeral Directors and Embalmers Association. Ms. Scott explained that this bill allows banks and other financial institutions who offer pre-paid funeral accounts to pay out the account without waiting for five days, which is the case under existing law. This law would put financial institutions on a level playing field with insurance companies who are not required to wait five days for account payout.

Ms. Scott added that acceptable proof of death and a verified statement setting forth that all terms and conditions of the agreement have been fully performed are provided to the financial institution, acting as protection to prevent funds from being wrongfully disbursed. (**Attachment 3**)

Following questions, Chairman Cox closed hearings on **HB 2824**, noted that there is no fiscal effect from this bill, and asked for motions. Representative Grant made a motion that HB 2824 be favorably passed from committee. Representative George seconded the motion. Representative Goico suggested that the person carrying the bill should request that it go on consent calendar when introduced. Motion passed.

CONTINUATION SHEET

MINUTES OF THE House Financial Institutions Committee at 3:30 P.M. on February 15, 2006 in Room 527-S of the Capitol.

Chairman Cox opened hearings on **HB 2874 - Money Transmitter Act, regulation of.**

General Counsel for the State Banking Commissioner's Office, **Sonya Allen** testified that this bill amends the group of statutes governing the licensing and regulation of money transmitters in Kansas.

The bill modernizes existing statutes to ensure that new technological methods of money transaction are clearly covered by law. Several sections of existing law are altered. (**Attachment 4**)

Ms. Allen also reviewed written testimony (**Attachment 5**) provided by **Ezra Levine** on behalf of the Non-Bank Funds Transmitters Group, who emphasized the need for updated language in the statutes. He also requested an amendment to add the word "willfully" after the words, "Any person who..." in Section 9-152(a).

Following questions, Chairman Cox closed the hearing on **HB 2474** and invited motions. **Representative Burroughs** motioned that the word "willfully" be changed to "knowingly". **Representative Dilmore** seconded the motion. Motion passed. **Representative Burroughs** then moved that **HB2474** be passed favorably as amended, which was seconded by **Representative Grant**. Motion passed.

Representative Grant moved to accept without objection the February 8th minutes. Minutes were approved.

Meeting was Adjourned at 4:15 P.M. Next meeting is on call of the chair.