

March 24, 2015

The Honorable Jeff Longbine, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 235-E
Topeka, Kansas 66612

Dear Senator Longbine:

SUBJECT: Fiscal Note for SB 240 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 240 is respectfully submitted to your committee.

SB 240 would recodify and make extensive changes to the Kansas Banking Code. The bill would add several new provisions relating to allowing Kansas banks to pledge assets to secure certain deposits in out-of-state branches; informal agreements; consent orders; the crime of obstructing an investigation or examination; establishing, changing or waiving fees; and allowing banks to pledge secure funds of federally recognized Indian tribes.

The bill would recodify existing statutes relating to temporarily closing or relocating banks and trust companies in the event of an emergency; voluntary liquidation procedures; prohibiting relocation without approval and appropriate notification criteria; granting authority of the State Banking Board to approve banker's banks.

Other changes to existing statutes would include updating provisions relating to bank holding companies; organization of banks and trust companies; increasing the required minimum capital amounts for banks and trust companies organized on or after July 1, 2015; general powers of banks; deposit insurance; designation of a depository for public monies; safe deposit boxes; trust departments; powers of the State Banking Commissioner and State Banking Board; dissolution of a bank's business and insolvency; and authority of trusts authorized to receive deposits.

The Office of the State Banking Commissioner estimates that any fiscal effect resulting from SB 240 would be negligible. The bill would not increase the workload of the agency in terms of the number of examinations or the requirements for examinations.

If the current filing types for banks is maintained, the Secretary of State notes that the agency's current filing and fee structure could handle the changes from SB 240 without a fiscal

effect. However, if a new filing type is needed, there would be computer programming expenses.

According to the Office of Judicial Administration, the bill could have a fiscal effect on Judicial Branch expenditures. A number of provisions would provide specific authority for district court review of agency actions pursuant to the Kansas Judicial Review Act. Also, some violations which previously resulted only in a fine would be made crimes, and the severity levels of some existing crimes would be elevated. This could increase the number of district court filings and it is possible that more cases would proceed to trial or to appeal. Taken together, these changes would create more cases in the district courts causing judicial and non-judicial staff to spend more time processing, researching, and hearing cases. SB 240 could also increase fine revenue. However, it is not possible to predict the number of additional court cases that would arise or how complex and time-consuming they would be. Therefore, a precise fiscal effect cannot be determined.

The Kansas Sentencing Commission indicates that the bill would have no effect on prison admissions and prison beds. However, there would be a negligible effect on the probation population. The Commission expects that the journal workload of the agency would increase but no additional resources would be required.

The Office of the Attorney General states that it would not incur additional costs from the bill. Any fiscal effect associated with SB 240 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Judi Stork, Banking Commission
Willie Prescott, Attorney General's Office
Mary Rinehart, Judiciary
Scott Schultz, Sentencing Commission
Desiree Taliaferro, Secretary of State's Office