

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS.

The meeting was called to order by Chairperson Ray Cox at 3:30 p.m. on February 6, 2002 in Room 527-S of the Capitol.

All members were present except: Representative Bob Tomlinson - excused

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

Conferees appearing before the committee: Chuck Stones, Kansas Bankers Association
Judi Stork, Office of State Bank Commissioner
Martha Neu Smith, Ks Manufactured Housing Assn.
Bill Henry, Kansas Credit Union Association
Sheila Walker, Division of Revenue
Bill Henry, Kansas Credit Union Association
Whitney Damron, Kansas Bar Association

Others attending:

Chairman Cox opened the floor for introduction of bills.

Chuck Stones, Kansas Bankers Association, requested that four pieces of legislation be introduced. The first item is a proposed amendment to **SB 58** dealing with unauthorized drafts. The amendment clarifies the intent. The second piece of legislation amends K.S.A. 79-1437f to incorporate a terminology change made at the Federal level. The third piece of legislation covers a very narrow exception to the balloon payment rule in order to allow banks to be competitive in the auto lease market. The fourth is a situation which involves the notification of a lien holder when a car is placed in storage. (Attachment 1)

Chairman Cox said that, without objection, the legislation would be introduced.

Chairman Cox opened the hearing on **HB 2694** - Trust companies, change of name.

Proponent:

Judi Stork, Deputy Bank Commissioner, said the bill amends K.S.A. 9-2106, concerning trust companies. Last year when they reviewed the powers of the state banking board, many of the more routine functions were transferred to the commissioner. This included name changes for state banks. However, they overlooked the name change of trust companies. This bill corrects that omission. (Attachment 2)

Chairman Cox closed the hearing on **HB 2694** and opened the hearing on **HB 2695** - Banks and trust companies, board of directors, forfeiture of office.

Proponent:

Judi Stork, Deputy Bank Commissioner, said the bill amends K.S.A. 9-1114 of the Banking Code. It covers qualifications of bank directors. The statute currently has a provision that says if you have a charged off indebtedness with the bank, you cannot continue to serve as a bank director. **HB2695** adds "or forgiven" to charged off indebtedness. (Attachment 3)

Chairman Cox closed the hearing on **HB2695** and asked for motions on the two bills..

Representative Grant made a motion to pass out **HB 2694** favorably and, since it is of a noncontroversial nature, place it on the consent calendar. Representative Dreher seconded the motion. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS at on February 6, 2002 in Room 527- of the Capitol.

Representative Grant made a motion to pass out **HB 2695** favorably and, since it is of a noncontroversial nature, place it on the consent calendar. Representative Dreher seconded the motion. The motion carried.

Chairman Cox opened the hearing on **HB 2723 - Manufactured homes and mobile homes; certificate of title**.

Proponents:

Martha Neu Smith, Executive Director, Kansas Manufactured Housing Association, said **HB 2723** was drafted to correct a problem with obtaining title insurance for manufactured homes placed on permanent foundations. It was based on existing laws in Colorado and Washington. The bill provides a process for manufactured homes, that are placed on permanent foundations, to surrender their title to the state for elimination. It also establishes a process for re-issuance of the certificate of title if the home is moved and becomes personal property. She included one amendment to the bill, on page 2 line 36, the word "division" is crossed out and the words "County Treasurer" inserted. (Attachment 4)

Representative Boston asked if there was a fiscal note on the bill. The fiscal note stated that it could have a fiscal effect. Although the volume is unknown, there could be some shifts from personal property to real property tax rolls.

Sheila Walker, Director, Division of Vehicles, Department of Revenue, said her department has no opposition to the bill. In fact, she thinks the process for customers was streamlined and it also establishes uniformity for counties. (Attachment 5)

Bill Henry, Director of Governmental & Regulatory Affairs, Kansas Credit Union Association said his association supports **HB 2723**, with one reservation, which is section two. Section two basically reverses the certification process. His members, from the lending viewpoint, view the section as somewhat a way of mudding the title issue and see that there could be problems. (Attachment 6)

Bill Yanek, Director of Governmental Relations, Kansas Association of Realtors. - Written testimony only (Attachment 7)

Whitney Damron, Kansas Bar Association, said they favored the bill and handed out written testimony from Paul Davis. (Attachment 8)

Opponent:

Chuck Stones, Kansas Bankers Association, said his members are pleased with the current process. Most of his members say that there is no need for title insurance. The fact that you have a title would almost eliminate the need for title insurance. The owner and the lien holder are noted on the title. Title insurance is virtually unnecessary and is not required by most of the lenders that they have talked to. The lenders like the process, it's efficient and, most importantly, it's pretty clear. Yet, the only part his organization is officially opposing is section two of **HB 2723**. They feel a lender could get stuck in the conversion process. (Attachment 9)

Chairman Cox closed the hearing on **HB 2723**.

Representative Grant made a motion to approve the committee minutes for January 23rd as written. Representative Sharp seconded the motion. The motion carried.

Meeting adjourned at 4:32 p.m.

Next meeting is scheduled for Wednesday, February 13th.