

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairperson Ruth Teichman at 9:30 a.m. on March 9, 2004 in Room 234-N of the Capitol.

All members were present.

Committee staff present:

Bill Wolff, Legislative Research
Ken Wilke, Office of the Revisor of Statutes
Nancy Shaughnessy, Committee Secretary

Conferees appearing before the committee:

Chuck Stones, KBA
Sonya Allen, KBC
Candy Shively, SRS
Matt Goddard, Heartland Community Bankers

Others attending:

See Attached List.

The Chair opened the hearing on **HB 2580—Banks and banking, general powers.**

Chuck Stones testified as a proponent on the bill (Attachment 1). This is a bill dealing with Industrial Revenue Bonds (securities which are evidences of indebtedness). The loan limit for commercial loans is twenty-five per cent (25%) of a bank's capital, while the limit for an IRB is currently fifteen per cent (15%). Since they are essentially the same, **HB 2580** proposes to increase the limit for IRB's to the same twenty-five per cent (25%) level as a loan.

Clancy Norris, Commissioner, State Banking Commission has no opposition to the bill. He stated that in 1996, the Banking Code was amended to raise the legal limit on loans to twenty-five per cent (25%) of a bank's capital. Investment securities pose risks that are similar in type to loans, and they would not oppose raising the investment limit for investment securities to twenty-five per cent (25%).

The Chair closed the hearing on **HB 2580** and opened the hearing on **HB 2781—Prearranged funeral agreements, contracts or plans.** Chuck Stones testified as a proponent of the bill (Attachment 2). This bill would amend existing statute to clarify the distribution of the balance in a pre-arranged funeral account after the funeral home has been paid. If the deceased received assistance, SRS, the funeral home or the estate must notify the bank that medical assistance was received. The balance in the pre-arranged funeral agreement shall be reimbursed to SRS, based on the extent of the assistance provided.

Senator Buhler wanted clarification on the point that a consumer could be on SRS assistance and still have a pre-arranged funeral plan. Dr. Wolff indicated that was accurate and in SRS print materials it was encouraged as in the long run it saved the State money.

Candy Shively testified as a proponent of the bill, (Attachment 3). She stated that the legislation clarified the notice requirements for recoveries from excess funds in a deceased medical assistance recipient's funeral agreement based on the Department's estate recovery process.

Matt Goddard, Heartland Community Banker's Association, (Attachment 4). He stated that he appeared as a support to the legislation because they believe it removes the ambiguity from the current law.

The Chair noted that written testimony had been received from Pam Scott of the Funeral Directors and Embalmers Association (Attachment 5) and then closed the hearing on **HB 2781**.

The Chair asked the Committee to review **SB 542—Prohibiting the use of social security numbers on health insurance cards and prescription drug cards.** This bill was brought by Senator Allen. There is a balloon (Attachment 6) on the bill and consensus has been reached. It is a language issue which has to do with making certain that the numbers do not reflect any semblance of a social security number sequence.

Senator Adkins moved that the balloon be adopted and the bill be passed out favorably. Senator Helgerson seconds. Motion passes. Meeting adjourned, next meeting on March 10th.

CONTINUATION SHEET

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE at 9:30 a.m. on March 9, 2004 in Room 234-N of the Capitol.