

As Amended by Senate Committee

Session of 2018

SENATE BILL No. 335

By Committee on Financial Institutions and Insurance

1-26

1 AN ACT concerning financial institutions; relating to banks and banking;
2 including savings and loan associations and savings banks in the state
3 banking code; repealing the savings and loan code; amending K.S.A.
4 2017 Supp. 9-701, 9-808, 9-809, 9-901a, 9-902, 9-903, 9-904, 9-905, 9-
5 906, 9-907, 9-908, 9-910, 9-911, 9-912, 9-1101, 39-709, 58-3974, 75-
6 3036 and 75-3170a and repealing the existing sections; also repealing
7 K.S.A. 17-5101, 17-5102, 17-5201, 17-5202, 17-5203, 17-5204, 17-
8 5205, 17-5206, 17-5207, 17-5208, 17-5209, 17-5210, 17-5211, 17-
9 5212, 17-5213, 17-5214, 17-5215, 17-5216, 17-5217, 17-5218, 17-
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15 5324, 17-5325, 17-5326, 17-5327, 17-5328, 17-5329, 17-5401, 17-
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17 5409, 17-5410, 17-5412, 17-5413, 17-5414, 17-5415, 17-5416, 17-
18 5417, 17-5418, 17-5419, 17-5420, 17-5421, 17-5422, 17-5423, 17-
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1 5705, 17-5706, 17-5801, 17-5802, 17-5803, 17-5804, 17-5805, 17-
2 5806, 17-5807, 17-5808, 17-5809, 17-5810, 17-5811, 17-5812, 17-
3 5814, 17-5816, 17-5817, 17-5818, 17-5819, 17-5820, 17-5821, 17-
4 5822, 17-5823, 17-5824, 17-5825, 17-5826, 17-5827, 17-5830, 17-
5 5831 and 17-5832 and K.S.A. 2017 Supp. 17-5225d, 17-5610, 17-5701,
6 17-5828 and 17-5829.

7

8 *Be it enacted by the Legislature of the State of Kansas:*

9 New Section 1. (a) Subject to the terms of its articles of incorporation
10 and bylaws, and rules and regulations of the commissioner, a mutual state
11 bank may:

12 (1) Raise funds through deposit, share or other accounts, including
13 demand deposit accounts, hereafter referred to as "accounts"; and

14 (2) issue passbooks, certificates or other evidence of accounts.

15 (b) No mutual state bank shall permit any overdraft, including an
16 intra-day overdraft, on behalf of an affiliate, or incur any overdraft in its
17 account at a federal reserve bank or federal home loan bank on behalf of
18 an affiliate.

19 (c) A mutual state bank may require no less than a 14-day notice prior
20 to payment of savings accounts, if the articles of incorporation or bylaws
21 of the bank or the rules and regulations of the commissioner so provide.

22 (d) If a mutual state bank does not pay all withdrawals in full, subject
23 to the right of the bank, where applicable, to require notice, the payment of
24 withdrawals from accounts shall be subject to the provisions prescribed by
25 the bank's articles of incorporation or bylaws or the rules and regulations
26 of the commissioner. Except as authorized in writing by the commissioner,
27 any mutual state bank that fails to make full payment of any withdrawal
28 when due shall be deemed to be in an unsafe or unsound condition.

29 (e) A depositor of a mutual state bank shall be a voting member and
30 shall have such ownership interest in the bank as may be provided in the
31 articles of incorporation and bylaws of the bank.

32 (f) The articles of incorporation and the bylaws of a mutual state bank
33 may provide that all borrowers from the bank are members and, if so, shall
34 provide for their rights and privileges.

35 (g) All savings accounts and demand accounts shall have the same
36 priority upon liquidation.

37 (h) This section shall be a part of and supplemental to the state
38 banking code.

39 New Sec. 2. (a) No savings and loan association or savings bank may
40 make any investment under this section if the association's aggregate
41 outstanding investment ~~under this section~~ **in a service corporation** would
42 exceed 3% of the association's assets. Not less than $\frac{1}{2}$ of the investment
43 permitted under this section that exceeds 1% of the association's assets

1 shall be used primarily for community, inner city, and community-
2 development purposes.

3 (b) This section shall be a part of and supplemental to the state
4 banking code.

5 New Sec. 3. (a) A savings and loan association shall apply to the
6 commissioner for approval at least 30 days prior to acquiring, establishing
7 or commencing new activity with an existing service corporation and shall
8 not engage in activity with the service corporation without the
9 commissioner's approval. The application shall include:

10 (1) A complete description of the saving and loan association's
11 investment in the service corporation;

12 (2) the proposed activities of the service corporation;

13 (3) the organizational structure and management of the service
14 corporation;

15 (4) the relationship between the savings and loan association and the
16 service corporation; and

17 (5) any other information that the commissioner deems necessary to
18 describe the proposal.

19 (b) A service corporation shall:

20 (1) Be operated in a manner that demonstrates to the public that it
21 maintains a separate corporate identity from the applicant; and

22 (2) not commingle business transactions, accounts and records with a
23 savings and loan association.

24 (c) In considering an application, the commissioner may:

25 (1) Limit a savings and loan association's investment in a service
26 corporation; or

27 (2) refuse to permit any activity of a service corporation for
28 supervisory, legal or safety and soundness reasons.

29 (d) This section shall be a part of and supplemental to the state
30 banking code.

31 New Sec. 4. (a) A service corporation may engage in any activity that
32 a savings and loan association may conduct directly.

33 (b) A service corporation shall be subject to the commissioner's
34 supervision as the savings and loan association would be if it had
35 conducted the activity itself.

36 (c) If a service corporation fails to meet any of the requirements of
37 this section, the savings and loan association shall notify the
38 commissioner. If the service corporation is unable to comply with the
39 requirements of this section within 90 days of its initial failure to meet
40 such requirements, the savings and loan association shall dispose of its
41 investment in the service corporation.

42 (d) After a savings and loan association has received approval from
43 the commissioner, a service corporation may engage in the following:

- 1 (1) Business activities, when such activities are limited to financial
2 documents, financial clients or are generally financially related to:
 - 3 (A) Accounting or internal or other auditing;
 - 4 (B) advertising, market research and other marketing;
 - 5 (C) clerical;
 - 6 (D) consulting;
 - 7 (E) courier;
 - 8 (F) data processing;
 - 9 (G) data storage facilities operation and related services;
 - 10 (H) personnel benefit program development or administration;
 - 11 (I) printing and selling forms that require magnetic ink character
12 recognition (MICR) encoding;
 - 13 (J) purchasing and distribution of office supplies, furniture and
14 equipment;
 - 15 (K) relocation of personnel;
 - 16 (L) research studies and surveys;
 - 17 (M) software development and systems integration; and
 - 18 (N) remote service unit operation, leasing, ownership or
19 establishment;
- 20 (2) credit-related activities:
 - 21 (A) Abstracting;
 - 22 (B) acquiring and leasing personal property;
 - 23 (C) appraising;
 - 24 (D) collections;
 - 25 (E) credit analysis;
 - 26 (F) check or credit card guaranty and verification;
 - 27 (G) acting as an escrow agent or trustee, under deeds of trust,
28 including executing and delivery of conveyances, reconveyances and
29 transfers of title; and
 - 30 (H) loan inspection;
- 31 (3) consumer services activities:
 - 32 (A) Financial advice or consulting;
 - 33 (B) foreign currency exchange;
 - 34 (C) home ownership counseling;
 - 35 (D) income tax return preparation;
 - 36 (E) providing postal services;
 - 37 (F) sales of stored value instruments;
 - 38 (G) welfare benefit distribution;
 - 39 (H) check printing and related services; and
 - 40 (I) remote service unit operation, leasing, ownership or establishment;
- 41 (4) real estate-related service activities:
 - 42 (A) Acquiring real estate for:
 - 43 (i) Prompt development or subdivision;

- 1 (ii) construction of improvements;
2 (iii) resale or leasing to others for such construction of improvements;
3 or
4 (iv) use as manufactured home sites, in accordance with a prudent
5 program of property development;
6 (B) acquiring improved real estate or manufactured homes to be held
7 for:
8 (i) Rental or resale;
9 (ii) remodeling, renovating or demolishing and rebuilding for resale
10 or rental; or
11 (iii) offices and related facilities of a stockholder of the service
12 corporation;
13 (C) maintaining and managing real estate; and
14 (D) real estate brokerage for property owned by a savings and loan
15 association or savings bank that owns capital stock of the service
16 corporation or in which the service corporation otherwise invests;
17 (5) securities, liquidity management and coin purchase activities:
18 (A) Execution of transactions in securities on an agency or riskless
19 principal basis solely upon the order and for the account of customers or
20 the provision of investment advice. The service corporation must register
21 with the securities and exchange commission and office of the securities
22 commissioner, as required by applicable state and federal law and rules
23 and regulations;
24 (B) liquidity management;
25 (C) issuing notes, bonds, debentures or other obligations of securities;
26 and
27 (D) purchase or sale of coins issued by the United States treasury;
28 (6) investments in:
29 (A) Tax-exempt bonds used to finance residential real property for
30 family units;
31 (B) tax-exempt obligations of public housing agencies used to finance
32 housing projects with rental assistance subsidies;
33 (C) small business investment companies and new market venture
34 capital companies licensed by the United States small business
35 administration;
36 (D) rural business investment companies licensed by the U.S.
37 department of agriculture; and
38 (E) savings accounts of an investing savings and loan association;
39 (7) community and economic development or public welfare
40 investment activities that are permissible under federal law;
41 (8) establishing or acquiring a corporation that is recognized by the
42 internal revenue service as organized for charitable purposes under 26
43 U.S.C. § 501(c)(3) of the internal revenue code and making a reasonable

1 contribution to capitalize it, provided that the corporation engages
2 exclusively in activities designed to promote the well-being of
3 communities in which the owners of the service corporation operate;

4 (9) acting as an agent for or engaging in activities conducted on
5 behalf of a customer, other than on an as principal basis; and

6 (10) any activity reasonably incident to those listed in this subsection
7 if the service corporation engages in those activities.

8 (e) This section shall be a part of and supplemental to the state
9 banking code.

10 New Sec. 5. As used in sections 2 through 5, and amendments
11 thereto:

12 (a) "Invest" means any investment in the capital stock, obligations or
13 other securities, and any advance of funds to a service corporation,
14 including the purchase of stock, the making of a loan or other such
15 advance of funds. "Invest" does not include a payment for rent earned,
16 goods sold and delivered or services rendered prior to the making of such
17 payment.

18 (b) "Savings and loan service corporation" or "service corporation"
19 means a corporation or limited liability company organized under the laws
20 of Kansas. The entirety of the capital stock of a savings and loan service
21 corporation shall be available for purchase only by Kansas-chartered
22 savings and loan associations, Kansas chartered savings banks and
23 federally chartered savings and loan associations with home offices in
24 Kansas. Kansas-chartered and federally chartered savings and loan
25 associations and Kansas-chartered and federally chartered savings banks
26 investing in a savings and loan service corporation shall designate the
27 savings and loan service corporation as a service corporation.

28 (c) This section shall be a part of and supplemental to the state
29 banking code.

30 New Sec. 6. (a) For any deposit account, loan account or other
31 banking relationship hereinafter referred to as "account," that is opened by
32 one or more persons acting or purporting to act for or on behalf of an
33 entity with any financial institution transacting business in this state, such
34 person may provide the financial institution with a certificate to provide
35 evidence of the existence of the entity and the authority of the person to
36 act for or on behalf of the entity with respect to the account.

37 (b) The certificate of existence and authority shall be an affidavit
38 executed by such person and shall include the following, as applicable:

39 (1) The name and mailing address of the entity;

40 (2) the type of entity and the state, country or other governmental
41 authority, under which laws, the entity was formed;

42 (3) the organization date of the entity;

43 (4) the name, mailing address and office or other position held by the

1 person executing the certificate; and

2 (5) a statement that the board of directors, managers, members,
3 general partners or other governing body of the entity opening the account
4 has duly taken all action legally required to open the account in the name
5 of the entity and the name, office or other position of the person who has
6 been duly authorized to engage in transactions with respect to the account,
7 including any limitation that may exist upon the authority of such person
8 to bind the entity and any other matters concerning the manner in which
9 such person may deal with the account.

10 (c) If a financial institution accepts a certificate of existence and
11 authority pursuant to this section, the financial institution may open and
12 administer the account in accordance with the information set forth therein
13 and shall not be liable for so doing, even if any such information is
14 inaccurate, unless the financial institution has actual knowledge of such
15 inaccuracy or knowledge sufficient to cause a reasonably prudent person to
16 doubt the accuracy of such information.

17 (d) Nothing in this section shall be construed to prohibit a financial
18 institution from requesting additional information or requiring other
19 agreements in order to establish an account for an entity, including,
20 without limitation, a resolution, certificate of good standing, request for a
21 taxpayer identification number, entity agreements or documents or parts
22 thereof evidencing the existence of the entity or the authority of the person
23 executing the certificate, and an indemnification that is acceptable to the
24 financial institution.

25 (e) As used in this section:

26 (1) "Entity" means any government or governmental subdivision or
27 agency, any domestic or foreign corporation, limited liability company,
28 general partnership, limited liability partnership, joint venture,
29 cooperative, association or other legal entity, whether operated for profit or
30 not-for-profit; and

31 (2) "financial institution" means any federal- or state- chartered
32 commercial bank, savings and loan association or savings bank.

33 (f) This section shall be a part of and supplemental to the state
34 banking code.

35 Sec. 7. K.S.A. 2017 Supp. 9-701 is hereby amended to read as
36 follows: 9-701. Unless otherwise clearly indicated by the context, the
37 following words when used in the state banking code, for the purposes of
38 the state banking code, shall have the meanings respectively ascribed to
39 them in this section:

40 (a) "Bank or state bank" means a ~~state~~ bank, *savings and loan*
41 *association or savings bank* incorporated under the laws of Kansas.

42 (b) "Business of banking" means receiving or accepting money on
43 deposit, and may include the performance of related activities that are not

1 exclusive to banks, including paying drafts or checks, lending money or
2 any other activity authorized by applicable law. "Business of banking"
3 shall not include any activity conducted by a student bank.

4 (c) "Trust company" means a trust company incorporated under the
5 laws of Kansas and which does not accept deposits.

6 (d) "Commissioner" means the Kansas state bank commissioner.

7 (e) "Executive officer" means a person who participates or has
8 authority to participate, other than in the capacity of a director, in major
9 policymaking functions of the bank or trust company, whether or not the
10 officer has an official title, the title designates the officer as an assistant or
11 the officer is serving without salary or other compensation. The
12 chairperson of the board, the president, every vice president, the cashier,
13 the secretary and the treasurer of a company or bank are considered
14 executive officers.

15 (1) A bank may, by resolution of the board of directors or by the
16 bylaws of the bank or trust company, exempt an officer from participation,
17 other than in the capacity of a director, in major policymaking functions of
18 the bank or trust company if the officer does not actually participate
19 therein.

20 (2) The commissioner may make the determination that a person is an
21 executive officer if the commissioner determines that the criteria are met
22 despite the existence of a resolution allowed pursuant to this subsection.

23 (f) "Demand deposit" means a deposit that: (1) (A) Is payable on
24 demand;

25 (B) is issued with an original maturity or required notice period of
26 less than seven days;

27 (C) represents funds for which the depository institution does not
28 reserve the right to require at least seven days' written notice of an
29 intended withdrawal; or

30 (D) represents funds for which the depository institution does reserve
31 the right to require at least seven days' written notice of an intended
32 withdrawal; and

33 (2) is not also a negotiable order of withdraw account.

34 (3) "Demand deposit" does not include "time deposits" or "savings
35 deposits" as defined in this section.

36 (g) "Time deposit," also known as a certificate of deposit, means a
37 deposit that the depositor does not have a right and is not permitted to
38 make withdrawals from within six days after the date of deposit unless the
39 deposit is subject to an early withdrawal penalty of at least seven days'
40 simple interest on amounts withdrawn within the first six days after
41 deposit. A time deposit from which partial early withdrawals are permitted
42 must impose additional early withdrawal penalties for at least seven days'
43 simple interest on amounts withdrawn within six days after each partial

1 withdrawal. If such additional early withdrawal penalties are not
2 contractually imposed, the account ceases to be a time deposit, but may
3 become a savings deposit if the account meets the requirements for a
4 savings deposit.

5 (h) "Savings deposit" means a deposit or account with respect to
6 which the depositor is not required by the deposit contract, but may at any
7 time, be required by the depository institution to give written notice of an
8 intended withdrawal not less than seven days before such withdrawal is
9 made and that is not payable on a specified date or at the expiration of a
10 specified time after the date of deposit.

11 (i) "Public moneys" means all moneys coming into the custody of the
12 United States government or any board, commission or agency thereof,
13 and also shall mean all moneys coming into the custody of any officer of
14 any municipal or quasi-municipal or public corporation, the state or any
15 political subdivision thereof, pursuant to any provision of law authorizing
16 any such official to collect or receive the same.

17 (j) "Municipal corporation" means any city incorporated under the
18 laws of Kansas.

19 (k) "Quasi-municipal corporation" means any county, township,
20 school district, drainage district, rural water district or any other
21 governmental subdivision in the state of Kansas having authority to
22 receive or hold moneys or funds.

23 (l) "Certificate of authority" means a certificate signed and sealed by
24 the commissioner evidencing the authority of a bank or trust company to
25 transact a general banking or trust business as provided by law.

26 (m) "Trust business" means engaging in, or holding out to the public
27 as willing to engage in, the business of acting as a fiduciary for hire,
28 except that no accountant, attorney, credit union, insurance broker,
29 insurance company, investment adviser, real estate broker or sales agent,
30 savings and loan association, savings bank, securities broker or dealer, real
31 estate title insurance company or real estate escrow company shall be
32 deemed to be engaged in a trust company business with respect to
33 fiduciary services customarily performed by those persons or entities for
34 compensation as a traditional incident to their regular business activities.

35 (n) "Community and economic development entity" means an entity
36 that makes investments or conducts activities that primarily benefit low-
37 income and moderate-income individuals, low-income and moderate-
38 income areas, or other areas targeted by a governmental entity for
39 redevelopment, or would receive consideration as "qualified investments"
40 under the community reinvestment act pub. L. 95-128, title VIII, 91 stat.
41 1147, 12 U.S.C. § 2901 et seq., and any state tax credit equity fund
42 established pursuant to K.S.A. 74-8904, and amendments thereto.

43 (o) "Depository institution" means any state bank, national banking

1 association, state savings and loan or federal savings association, without
2 regard to the state where the institution is chartered or the state in which
3 the institution's main office is located.

4 (p) "Student bank" means any nonprofit program offered by a high
5 school accredited by the state board of education, where deposits are
6 received, checks are paid or money is lent for limited in-school purposes.

7 (q) "*Stock bank*" means a bank that has an ownership structure
8 represented by stock.

9 (r) "*Mutual state bank*" means a bank that does not have an
10 ownership structure represented by stock.

11 (s) "*Savings and loan association*" or "*savings bank*" means a bank
12 that is required to have qualified thrift investments that equal or exceed
13 65% of its portfolio assets, and its qualified thrift investments are required
14 to equal or exceed 65% of its assets on a monthly average basis in nine
15 out of every 12 months. For purposes of this subsection, "*portfolio assets*"
16 and "*qualified thrift investments*" have the same meanings as in 12 U.S.C.
17 § 1467a, as amended.

18 Sec. 8. K.S.A. 2017 Supp. 9-808 is hereby amended to read as
19 follows: 9-808. (a) Any national bank, federal savings association or
20 federal savings bank organized under the laws of the United States and
21 located in this state may become a state bank upon the affirmative vote of
22 not less than $\frac{2}{3}$ of the institution's outstanding voting stock *or members*.
23 Any national bank, federal savings association or federal savings bank
24 desiring to become a state bank shall apply to the commissioner for
25 permission to convert to a state bank and:

26 (1) Shall submit a transcript of the minutes of the meeting of the
27 institution's stockholders *or members* showing approval of the proposed
28 conversion;

29 (2) the name selected for the bank shall not be the name of any other
30 bank: (A) doing business in the same city or town; or

31 (B) within a 15-mile radius of the location of the converted
32 institution. The name shall be accepted or rejected by the commissioner,
33 although any bank may request exemption from the commissioner from
34 this paragraph; and

35 (3) provide any other information required in the application form
36 prescribed by the commissioner.

37 (b) A federal savings association or federal savings bank operating in
38 a mutual form *and which seeks to become a stock bank* must also convert
39 to a stock form prior to converting to a state bank and shall submit
40 appropriate documentation to the commissioner to show that the
41 appropriate federal regulator has approved such mutual to stock
42 conversion.

43 (c) Upon receipt of each of the items required by this section the

1 commissioner shall make or cause to be made such investigation as the
2 commissioner deems necessary to determine whether:

3 (1) All state and federal requirements for a conversion have been
4 satisfied;

5 (2) the conversion or the financial condition of the bank will not
6 adversely affect the interests of the depositors;

7 (3) the resulting state bank will have an adequate capital structure in
8 accordance with K.S.A. 9-901a et seq., and amendments thereto; and

9 (4) the competence, experience or integrity of the proposed
10 management personnel indicates that approving the conversion would be
11 in the interest of the depositors of the bank and in the interest of the public.

12 (d) If the commissioner determines each of the matters in subsection
13 (c) favorably, the conversion shall be approved, and the commissioner
14 shall issue a certificate of authority. Upon issuance of a certificate of
15 authority, the articles of incorporation, duly executed as required by the
16 Kansas corporate code, shall be filed with the Kansas secretary of state's
17 office.

18 (e) In any conversion authorized by this section, the resulting state
19 bank by operation of law shall continue all trust functions being exercised
20 by the national bank, federal savings association or federal savings bank
21 and shall be substituted for the national bank, federal savings association
22 or federal savings bank and shall have the right to exercise trust or
23 fiduciary powers created by any instrument designating the national bank,
24 federal savings association or federal savings bank, even though such
25 instruments are not yet effective.

26 (f) In any conversion authorized by this section, the resulting state
27 bank shall succeed by operation of law without any conveyance or transfer
28 by the act of the national bank, federal savings association or federal
29 savings bank to all the actual or potential assets, real property, tangible
30 personal property, intangible personal property, rights, franchises and
31 interests, including those in a fiduciary capacity of the national bank,
32 federal savings association or federal savings bank and shall be subject to
33 all of the liabilities of the national bank, federal savings association or
34 federal savings bank.

35 (g) In any conversion authorized by this section the corporate
36 existence of the national bank, federal savings association or federal
37 savings bank shall be continued in the resulting state bank, and the
38 resulting state bank shall be deemed to be the identical corporate entity as
39 the national bank, federal savings association or federal savings bank.

40 (h) Within a reasonable time after the effective date of the conversion,
41 the resulting *state* bank shall divest all assets and liabilities that do not
42 conform to state banking laws and rules and regulations. The length of this
43 transition period shall be determined by the commissioner.

1 Sec. 9. K.S.A. 2017 Supp. 9-809 is hereby amended to read as
2 follows: 9-809. (a) Any state bank may convert to a national bank, *federal*
3 *savings and loan association or federal savings bank* upon the affirmative
4 vote of not less than $\frac{2}{3}$ of the bank's outstanding voting stock *or members*.

5 (b) The state bank shall provide a copy of the application submitted to
6 the comptroller of currency to the commissioner within 10 days after the
7 date the state bank applies for approval to convert to a national banking
8 association, *federal savings and loan association or federal savings bank*
9 from the office of the comptroller of the currency.

10 (c) The state bank shall provide to the commissioner written notice of
11 approval by the comptroller of currency to convert to a national bank,
12 *federal savings and loan association or federal savings bank* within 10
13 days of receiving the approval.

14 (d) Within 15 days following the issuance of a charter certificate to
15 the bank by the comptroller, the bank shall surrender its state certificate of
16 authority or charter and shall certify in writing that notice of the
17 conversion has been given to the Kansas secretary of state's office.

18 Sec. 10. K.S.A. 2017 Supp. 9-901a is hereby amended to read as
19 follows: 9-901a. (a) For purposes of this section: (1) "Capital" means: (A)
20 *For a stock bank or trust company*, the total of the aggregate par value of a
21 bank's or trust company's outstanding shares of capital stock, its surplus
22 and its undivided profits; and (B) *for a mutual bank, the total of the funds*
23 *pledged by its members and its undivided profits*;

24 (2) "equity capital" means the total of common stock, preferred stock,
25 surplus and undivided profits less intangibles; and

26 (3) "total assets" means the total of all tangible bank assets as
27 reported on the daily balance sheet of the bank.

28 (b) (1) For *stock* banks organized on or after July 1, 2015, the
29 minimum capital of a *stock* bank at the time of organization shall be the
30 greater of \$3,000,000 or an amount equal to 8% of the proposed bank's
31 estimated deposits five years after its organization. The capital shall be
32 divided with 60% of the amount as the aggregate par value of outstanding
33 shares of capital stock, 30% as surplus and 10% as undivided profits.

34 (2) For trust companies organized on or after July 1, 2015, the
35 minimum capital shall at all times be \$500,000. The capital shall be
36 divided with 60% of the amount as the aggregate par value of outstanding
37 shares of capital stock, 30% as surplus and 10% as undivided profits.

38 (3) *For mutual banks organized on or after July 1, 2018, the*
39 *founding members of the bank must pledge funds at the time of*
40 *organization the greater of \$3,000,000 or an amount equal to 8% of the*
41 *proposed bank's estimated deposits five years after its organization.*

42 (4) The state banking board may require that a bank or trust company
43 have capital in excess of the amounts specified in this subsection if the

1 state banking board determines that excess capital is necessary based on
2 the character and qualifications of the proposed board of directors and the
3 nature of the business of the bank or trust company.

4 (c) The minimum capital of a bank or trust company organized
5 pursuant to K.S.A. 9-801(j), and amendments thereto, shall be determined
6 by the commissioner, provided that the successor bank has obtained
7 deposit insurance from the federal deposit insurance corporation or any
8 successor.

9 (d) All banks shall maintain a capital ratio of at least 5% of equity
10 capital to total assets at all times.

11 (e) Any bank that relocates its main office from one city to another
12 pursuant to K.S.A. 2017 Supp. 9-814, and amendments thereto, shall have
13 equity capital equal to the greater of \$3,000,000 or 8% of its estimated
14 deposits five years after the relocation.

15 (1) The commissioner, in the commissioner's discretion, may approve
16 a relocation with a smaller equity capital amount if the bank can show that
17 the circumstances surrounding the relocation warrant consideration of a
18 lesser amount and the safety of depositors would not be impacted by
19 requiring a lesser amount.

20 (2) If the main office relocation is part of an interchange of the main
21 office with a branch location that has been in operation for at least one
22 year, this equity capital requirement shall not apply.

23 (f) Any national bank, federal savings association or federal savings
24 bank which converts its charter to a state bank pursuant to K.S.A. 9-808,
25 and amendments thereto, shall have a minimum capital ratio of 5% of
26 equity capital to total assets at the time of its conversion. The capital
27 division requirements of subsection (b) shall not apply.

28 (g) The commissioner may require that a bank or trust company have
29 capital in excess of the amounts specified in subsections (b) through (d) if
30 the commissioner determines that excess capital is necessary based on the
31 character and qualifications of the proposed board of directors and nature
32 of the business of the bank or trust company.

33 (h) Any bank that fails to meet the minimum capital ratio of 5% of
34 equity capital to total assets required by this section shall notify the
35 commissioner within three business days. Upon notice, the commissioner
36 may require the bank to submit a written plan for restoring capital
37 approved by the commissioner.

38 Sec. 11. K.S.A. 2017 Supp. 9-902 is hereby amended to read as
39 follows: 9-902. (a) The common and preferred stock of any *stock* bank or
40 trust company hereafter created shall be divided into shares of \$1 each, or
41 any whole number multiple thereof. All subscriptions to such stock shall
42 be paid in cash and any bank or trust company may change the par value
43 of its shares to conform with this section.

1 (b) Any *stock* bank or trust company may reduce the number of
2 shares of common stock and replace the shares of common stock with a
3 like amount of shares of preferred stock, as long as the total dollar amount
4 of capital stock is not changed. In lieu of reducing the number of shares of
5 common stock, the *stock* bank may reduce the par value of the common
6 stock and issue preferred stock with a par value that is equal to the amount
7 of the reduction in the par value of the common stock. When the preferred
8 stock is retired, the par value of the common shares shall be restored.

9 (c) The requirements for a capital reduction pursuant to K.S.A. 9-904,
10 and amendments thereto, and the requirements for new issue of preferred
11 stock pursuant to K.S.A. 9-908, and amendments thereto, shall not apply
12 to the circumstance described in this section.

13 Sec. 12. K.S.A. 2017 Supp. 9-903 is hereby amended to read as
14 follows: 9-903. (a) The shares of stock of any *stock* bank or trust company
15 shall be deemed personal property and shall be transferred on the books of
16 the bank or trust company in such manner as the bylaws thereof may
17 direct.

18 (b) No transfer of stock shall be valid against the issuing *stock* bank
19 or trust company so long as the registered owner thereof shall be liable as
20 principal debtor, surety or otherwise to the *stock* bank or trust company on
21 a matured, charged off or forgiven obligation. No dividend, interest or
22 profit shall be paid on such stock so long as the registered owner thereof is
23 indebted to the bank or trust company on a matured, charged off or
24 forgiven obligation. All such dividends or profits shall be retained by the
25 *stock* bank or trust company and applied to the discharge of any such
26 obligations.

27 (c) No stock shall be transferred on the books of any bank or trust
28 company when the bank or trust company is in a failing condition, or when
29 its capital stock is impaired, except upon approval of the commissioner.

30 (d) The president or other chief executive officer of a bank or trust
31 company shall report to the commissioner within 10 days of the transfer of
32 shares of stock on the books of the bank or trust company if there is a
33 transfer of:

34 (1) Shares of stock that results in the direct or indirect ownership by a
35 stockholder or an affiliated group of stockholders of 10% or more of the
36 outstanding stock of the bank or trust company; or

37 (2) additional shares of stock to stockholders or an affiliated group of
38 stockholders who own 10% or more of the outstanding stock of a bank or
39 trust company.

40 (e) If there is a transfer of shares of stock that results in the direct or
41 indirect ownership by a stockholder or an affiliate group of stockholders of
42 25% or more of the outstanding stock of the bank or trust company, a
43 change of control shall be filed pursuant to K.S.A. 9-1719 et seq., and

1 amendments thereto.

2 Sec. 13. K.S.A. 2017 Supp. 9-904 is hereby amended to read as
3 follows: 9-904. (a) With prior approval of the commissioner, a *stock* bank
4 or trust company may reduce the amount of its capital stock account. No
5 such reduction shall be approved unless the commissioner finds that:

6 (1) The proposed reduction is necessary to provide greater
7 operational flexibility to an adequately capitalized, well-managed
8 institution;

9 (2) the proposed reduction does not result in or is not in furtherance
10 of a reduction in the institution's capital to an amount below the amount
11 required by K.S.A. 9-901(a), and amendments thereto;

12 (3) the proposed reduction is not intended to delay, prevent or be in
13 lieu of capital stock impairment or a stockholder's assessment pursuant to
14 K.S.A. 9-906, and amendments thereto;

15 (4) the proposed reduction poses no significant risk to the financial
16 stability, safety or soundness of the institution;

17 (5) the bank's or trust company's surplus account will be increased in
18 an amount equal to the amount of the proposed reduction in the capital
19 stock account, unless a waiver is granted by the commissioner; and

20 (6) a resolution approving the reduction has been adopted by the
21 stockholders representing $\frac{2}{3}$ of the voting stock of the bank or trust
22 company.

23 (b) Upon completion of the reduction, the *stock* bank or trust
24 company shall file with the commissioner a list of its stockholders and the
25 amount of stock held by each.

26 (c) Whenever the capital stock of any *stock* bank or trust company
27 shall be reduced as herein provided, every stockholder, owner or holder of
28 any stock certificate shall surrender the same for cancellation and shall be
29 entitled to receive a new certificate for such person's proportion of the new
30 stock. No dividends shall be paid to any such stockholder until the old
31 certificate is surrendered.

32 Sec. 14. K.S.A. 2017 Supp. 9-905 is hereby amended to read as
33 follows: 9-905. The capital stock of any *stock* bank or trust company may
34 be increased. The president and cashier shall forward a verified statement
35 to the commissioner showing the amount of the increase, paid in full, the
36 names and addresses of the subscribers and the amount subscribed by
37 each.

38 Sec. 15. K.S.A. 2017 Supp. 9-906 is hereby amended to read as
39 follows: 9-906. (a) Whenever it shall appear that the capital stock of any
40 *stock* bank or trust company is impaired, the commissioner shall notify the
41 *stock* bank or trust company to restore the capital stock within 90 days of
42 receipt of such notice.

43 (b) For purposes of this section, "impairment" means that charges or

1 losses to the bank or trust company's capital accounts have been sufficient
2 to eliminate all of the bank or trust company's allowance for loan and lease
3 loss, undivided profits, surplus fund and any other capital reserves and has
4 brought the book amount of the capital stock below the par value of the
5 capital stock.

6 (c) Within 15 days of receipt of the impairment notice from the
7 commissioner, the board of directors of the bank or trust company shall
8 levy an assessment on the common stockholders sufficient to restore the
9 capital stock.

10 (d) A bank or trust company may reduce its capital stock to the extent
11 of the impairment, if such reduction is conducted pursuant to the
12 requirements of K.S.A. 9-904, and amendments thereto.

13 Sec. 16. K.S.A. 2017 Supp. 9-907 is hereby amended to read as
14 follows: 9-907. (a) Whenever any stockholder of a *stock* bank or trust
15 company or an assignee of such stockholder, fails to pay any assessment as
16 required by K.S.A. 9-906, and amendments thereto, the directors of the
17 bank or trust company may sell the stock of such delinquent stockholder,
18 or so much of the stock as necessary, to satisfy the assessment and any
19 related incidental expenses within 120 days of the bank or trust company's
20 receipt of impairment notice.

21 (b) The sale of stock of a delinquent stockholder may be either public
22 or private. The bank or trust company may sell the stock to any person
23 paying the highest price, however, the price shall not be less than the
24 amount due upon the stock, including any incidental expenses. If the stock
25 is sold at private sale and the price offered by any non-stockholder does
26 not exceed the highest bid of any stockholder, then such stock shall be sold
27 to the stockholder. If the stock is sold at a public sale, then notice of the
28 public sale shall be published on the same day for two consecutive weeks,
29 in a newspaper of general circulation in the city or county where the bank
30 or trust company is located.

31 (c) Any excess moneys realized from the sale of the stock shall be
32 paid to the delinquent stockholder, unless the stockholder is indebted to the
33 bank or trust company. If the stockholder has debt, then the excess may be
34 retained by the bank or trust company as an offset against the debt.

35 (d) If no purchaser can be found for the stock at the public or private
36 sale, the stock shall be forfeited to the bank or trust company to be
37 disposed of as the board of directors shall determine within six months
38 from the date of the public or private sale. If the stock cannot be disposed
39 of within six months, the bank or trust company may request permission
40 from the commissioner for additional time to dispose of the stock.

41 Sec. 17. K.S.A. 2017 Supp. 9-908 is hereby amended to read as
42 follows: 9-908. (a) Upon the affirmative vote of $\frac{2}{3}$ of the voting shares of
43 the common stock of a *stock* bank or trust company, and with the prior

1 approval of the commissioner, a *stock* bank or trust company may issue
2 preferred stock of one or more classes. The stockholders shall have a
3 meeting to vote on the issuance of preferred stock. Notice of this meeting
4 shall be given to all stockholders at least five days in advance of the date
5 of the meeting by registered mail.

6 (b) No preferred stock shall be retired unless the common stock shall
7 be increased in an amount equal to the amount of the preferred stock
8 retired. All preferred stock shall be retired consistent with safety to the
9 depositors.

10 Sec. 18. K.S.A. 2017 Supp. 9-910 is hereby amended to read as
11 follows: 9-910. No dividends shall be paid from the capital stock account
12 of a *stock* bank or trust company. The current dividends of any *stock* bank
13 or trust company *or of any mutual bank* shall be paid from undivided
14 profits after deducting losses. These losses are determined by using
15 generally accepted accounting principles at the time of making the
16 dividend.

17 Sec. 19. K.S.A. 2017 Supp. 9-911 is hereby amended to read as
18 follows: 9-911. (a) The directors of any *stock* bank or trust company *or of*
19 *any mutual bank* may declare cash dividends only from undivided profits.
20 *For a stock bank*, before paying this dividend, the directors shall ensure
21 that the surplus fund equals or exceeds the capital stock account. If the
22 surplus fund is less than the capital stock account, the directors shall
23 transfer 25% of the net profits of the bank or trust company, since the last
24 preceding dividend from undivided profits to the surplus fund, except no
25 additional transfers shall be required once the surplus fund equals the
26 capital stock account.

27 (b) The directors of any bank or trust company may not declare or
28 pay an asset dividend, other than cash dividends allowed pursuant to
29 subsection (a), without prior approval from the commissioner.

30 Sec. 20. K.S.A. 2017 Supp. 9-912 is hereby amended to read as
31 follows: 9-912. (a) Any losses sustained by a bank or trust company in
32 excess of its undivided profits may be charged to its surplus fund.

33 (b) Any *stock* bank or trust company, after receiving approval from
34 the commissioner, may declare a stock dividend from its surplus fund, but
35 no dividend shall reduce the surplus fund to an amount less than 30% of
36 the resulting total capital.

37 (c) Any bank or trust company may reduce its surplus account with
38 permission of the commissioner.

39 Sec. 21. K.S.A. 2017 Supp. 9-1101 is hereby amended to read as
40 follows: 9-1101. (a) Any bank hereby is authorized to exercise by its board
41 of directors or duly authorized officers or agents, subject to law, the
42 following powers:

43 (1) To receive and to pay interest on deposits. The commissioner,

1 with approval of the state banking board, may by rules and regulations fix
2 maximum rates of interest to be paid on deposit accounts other than
3 accounts for public moneys;

4 (2) to buy, sell, discount or negotiate domestic currency, gold, silver,
5 foreign currency, bullion, commercial paper, bills of exchange, notes and
6 bonds. Foreign currency shall not be bought, sold, discounted or
7 negotiated for investment purposes;

8 (3) to make all types of loans, subject to the loan limitations
9 contained in the state banking code;

10 (4) (A) to buy and sell:

11 (i) Bonds, securities or other evidences of indebtedness, including
12 temporary notes, of the United States of America;

13 (ii) bonds, securities or other evidences of indebtedness, including
14 temporary notes, fully guaranteed, directly or indirectly, by the United
15 States of America; or

16 (iii) general obligation bonds of any state of the United States of
17 America or any municipality or quasi-municipality thereof.

18 (B) No bank shall invest in bonds, securities or other evidences of
19 indebtedness *in excess of 15% of capital stock paid in and unimpaired and*
20 *the unimpaired surplus fund of such bank* if:

21 (i) The direct and overlapping indebtedness of such municipality or
22 quasi-municipality is in excess of 10% of its ~~assessed valuation~~ *market*
23 *value*, excluding therefrom all valuations on intangibles and homestead
24 exemption valuation; or

25 (ii) any bond, security, or evidence of indebtedness of any such
26 municipality or quasi-municipality that has been in default in the payment
27 of principal or interest within 10 years prior to the time that any bank
28 acquires any such bonds, security or evidence of indebtedness;

29 (5) to buy and sell investment securities which are evidences of
30 indebtedness limited to buying and selling without recourse marketable
31 obligations evidencing indebtedness of any state or federal agency,
32 including revenue bonds issued pursuant to K.S.A. 76-6a15, and
33 amendments thereto, or the state armory board in the form of bonds, notes
34 or debentures or both. The total amount of such investment securities of
35 any one obligor or maker held by such bank shall at no time exceed 25%
36 of the capital stock, surplus, undivided profits, 100% of the allowance for
37 loan and lease loss, capital notes and debentures and reserve for
38 contingencies of such bank, except that this limit shall not apply to
39 obligations of the United States government or any agency thereof;

40 (6) to buy and sell investment securities which are evidences of
41 indebtedness limited to buying and selling without recourse marketable
42 obligations evidencing indebtedness of any person, copartnership,
43 association or corporation. The total amount of such investment securities

- 1 of any one obligor or maker held by such bank shall at no time exceed
2 25% of the capital stock surplus, undivided profits, 100% of the allowance
3 for loan and lease loss, capital notes and debentures and reserve for
4 contingencies of such bank;
- 5 (7) to subscribe to, buy, hold and sell stock of:
- 6 (A) The federal national mortgage association in accordance with the
7 national housing act;
- 8 (B) the federal home loan mortgage corporation in accordance with
9 the federal home loan mortgage corporation act;
- 10 (C) the federal agricultural mortgage corporation, provided no bank's
11 investment in such corporation shall exceed 5% of the bank's capital stock,
12 surplus and undivided profits; and
- 13 (D) a federal home loan bank. Any bank may also become a member
14 of a federal home loan bank;
- 15 (8) to subscribe to, buy and own stock in one or more small business
16 investment companies in Kansas as otherwise authorized by federal law,
17 except that in no event shall any bank acquire shares in any small business
18 investment company if, upon the acquisition, the aggregate amount of
19 shares in small business investment companies then held by the bank
20 would exceed 5% of the bank's capital and surplus;
- 21 (9) to subscribe to, buy and own stock in any agricultural credit
22 corporation or livestock loan company, or its affiliate, organized pursuant
23 to the provisions of the laws of the United States providing for the
24 information and operation of agricultural credit corporations and livestock
25 loan companies, in an amount not exceeding either the undivided profits or
26 10% of the capital stock and surplus and undivided profits from such bank,
27 whichever is greater;
- 28 (10) to buy, hold and sell any type of investment securities not
29 enumerated in this section with approval of the commissioner and upon
30 such conditions and under such regulations as are prescribed by the state
31 banking board;
- 32 (11) to act as escrow agent;
- 33 (12) to subscribe to, acquire, hold and dispose of stock of a
34 corporation the purpose of which is to acquire, hold and dispose of loans
35 secured by real estate mortgages, and to acquire, hold and dispose of the
36 debentures and capital notes of such corporation. No bank's investment in
37 such stock, debentures and capital notes shall exceed 2% of its capital
38 stock, surplus and undivided profits;
- 39 (13) to purchase and sell securities and stock without recourse solely
40 upon the order, and for the account, of customers;
- 41 (14) to subscribe to, acquire, hold and dispose of any class of stock,
42 debentures and capital notes of MABSCO agricultural services, inc. or any
43 similar corporation the purpose of which is to acquire, hold and dispose of

1 agricultural loans originated by Kansas banks. No bank's investment in
2 such stock, debentures and capital notes shall exceed 2% of its capital
3 stock, surplus and undivided profits;

4 (15) to engage in financial future contracts on United States
5 government and agency securities subject to such rules and regulations as
6 the commissioner may prescribe pursuant to K.S.A. 9-1713, and
7 amendments thereto, to promote safe and sound banking practices;

8 (16) to subscribe to, buy and own stock in a bankers' bank organized
9 under the laws of the United States, this state or any other state, or a one
10 bank holding company which owns or controls such a bankers' bank,
11 except no bank's investment in such stock shall exceed 10% of its capital
12 stock, surplus and undivided profits;

13 (17) to buy, hold and sell shares of an open-end investment company
14 in a manner consistent with the parameters outlined by the office of the
15 comptroller of the currency in banking circular 220, as such circular was
16 issued on November 21, 1986;

17 (18) subject to the prior approval of the commissioner and subject to
18 such rules and regulations as are adopted by the commissioner pursuant to
19 K.S.A. 9-1713, and amendments thereto, to promote safe and sound
20 banking practices, a bank may establish a subsidiary which engages in the
21 following securities activities:

22 (A) Selling or distributing stocks, bonds, debentures, notes, mutual
23 funds and other securities;

24 (B) issuing and underwriting municipal bonds;

25 (C) organizing, sponsoring and operating mutual funds; or

26 (D) acting as a securities broker-dealer;

27 (19) to subscribe to, buy and own stock in an insurance company
28 incorporated prior to 1910, under the laws of Kansas, with corporate
29 headquarters in this state, which only provides insurance to financial
30 institutions. The investment in such stock shall not exceed 2% of the
31 bank's capital stock, surplus and undivided profits;

32 (20) to purchase and hold an interest in life insurance policies and, to
33 the extent applicable, to purchase and hold an annuity in a manner
34 consistent with the parameters outlined in the interagency statement of the
35 purchase and risk management of life insurance, issued by the office of the
36 comptroller of the currency, the board of governors of the federal reserve
37 system, the federal deposit insurance corporation and the office of the
38 thrift supervision on December 7, 2004; and set out in the respective
39 agencies' issuances, including the federal deposit insurance corporation
40 financial institution letter 127-2004, effective December 7, 2004, subject
41 to the following limitations:

42 (A) The cash surrender value of any life insurance policy or policies
43 underwritten by any one life insurance company shall not at any time

1 exceed 15% of the total of the bank's capital stock, surplus, undivided
2 profits, 100% of the allowance for loan and lease losses, capital notes and
3 debentures and reserve for contingencies, unless the bank has obtained the
4 prior approval of the commissioner;

5 (B) the cash surrender value of life insurance policies, in the
6 aggregate from all companies, cannot at any time exceed 25% of the total
7 of the bank's capital stock, surplus, undivided profits, 100% of the
8 allowance for loan and lease losses, capital notes and debentures and
9 reserve for contingencies, unless the bank has obtained the prior approval
10 of the state bank commissioner;

11 (C) the limitations set forth in subparagraphs (A) and (B) shall not
12 apply to any life insurance policy in place prior to July 1, 1993; and

13 (D) for the purposes of subsections (a)(20)(A) and (a)(20)(B),
14 intangibles, such as goodwill, shall not be included in the calculation of
15 capital;

16 (21) act as an agent and receive deposits, renew time deposits, close
17 loans, service loans and receive payments on loans and other obligations
18 for any company which is a subsidiary, as defined in K.S.A. 9-519, and
19 amendments thereto, of the bank holding company which owns the bank.
20 Nothing in this subsection shall authorize a bank to conduct activities as an
21 agent which the bank or the subsidiary would be prohibited from
22 conducting as a principal under any applicable federal or state law. Any
23 bank which enters or terminates any agreement pursuant to this subsection
24 shall within 30 days of the effective date of the agreement or termination
25 provide written notification to the commissioner which details all parties
26 involved and services to be performed or terminated;

27 (22) to make loans to the bank's stockholders or the bank's controlling
28 holding company stockholders on the security of the shares of the bank or
29 the bank's controlling bank holding company, but loans on the security of
30 the shares of the bank may occur only if the bank would have extended
31 credit to such stockholder on exactly the same terms without the bank
32 shares pledged as collateral;

33 (23) to make investments in and loans to community and economic
34 development entities as defined in K.S.A. 9-701, and amendments thereto,
35 subject to the limitations prescribed by community reinvestment act pub. l.
36 95-128, title VIII, 91 Stat. 1147, 12 U.S.C. § 2901 et seq.;

37 (24) to participate in a school savings deposit program authorized
38 under K.S.A. 9-1138, and amendments thereto;

39 (25) with prior approval of the commissioner, to control or hold an
40 interest in a financial subsidiary.

41 (A) The financial subsidiary may engage in one or more of the
42 following activities:

43 (i) Lending, exchanging, transferring, investing for others or

1 safeguarding money or securities;

2 (ii) acting as agent or broker for purposes of insuring, guaranteeing or
3 indemnifying against loss, harm, damage, illness, disability, death or
4 providing annuities as agent or broker subject to the requirements of
5 chapter 40 of the Kansas Statutes Annotated, and amendments thereto;

6 (iii) issuing or selling instruments representing interests in pools or
7 assets permissible for a bank to hold directly;

8 (iv) operating a travel agency; and

9 (v) activities that are financial in nature as determined by the
10 commissioner.

11 (B) Such activities do not include:

12 (i) Insuring, guaranteeing or indemnifying against loss, harm,
13 damage, illness, disability, death or providing or issuing annuities the
14 income of which is subject to tax treatment under 26 U.S.C. § 72;

15 (ii) real estate development or real estate investment, except as
16 otherwise expressly authorized by Kansas law; or

17 (iii) any activity permitted for financial holding companies under 12
18 U.S.C. § 1843(k)(4)(H) and (I).

19 (C) As used in subsection (a)(25), "control" means:

20 (i) Directly or indirectly owning, controlling or having power to vote
21 25% or more of any class of the voting shares of a financial subsidiary;

22 (ii) controlling in any manner the election of a majority of the
23 directors or trustees of the financial subsidiary; or

24 (iii) otherwise directly or indirectly exercising a controlling influence
25 over the management or policies of the financial subsidiary, as determined
26 by the commissioner;

27 (26) to maintain and operate a postal substation on banking premises,
28 in accordance with the rules and regulations of the United States postal
29 service. The bank may advertise the services of the substation for the
30 purpose of attracting customers to the bank and receive income therefrom.
31 The bank shall keep the books and records of the substation separate from
32 the records of other banking operations;

33 (27) with prior approval of the commissioner, to invest in foreign
34 bonds an amount not to exceed 1% of the bank's capital stock and surplus
35 as long as such bonds comply with the form and definition of investment
36 securities;

37 (28) to act as an agent for any credit life, health and accident
38 insurance, sometimes referred to as credit life and disability insurance, and
39 mortgage life and disability insurance in connection with extensions of
40 credit and only as a source of protection for such extension of credit;

41 (29) to act as agent for any fire, life or other insurance company
42 authorized to do business in this state at any approved office of the bank
43 which is located in any place the population does not exceed 5,000

1 inhabitants. Such insurance may be sold to existing and potential
2 customers of the bank regardless of the geographic location of the
3 customers;

4 (30) to become a stockholder and member of the federal reserve bank
5 of the federal reserve district where such bank is located;

6 (31) with prior approval of the commissioner, to acquire the stock of,
7 or establish and operate a subsidiary to acquire the stock of, another
8 insured depository institution or the holding company of the insured
9 depository institution provided such acquisition is incidental to a
10 reorganization otherwise authorized by the law of this state and which
11 occurs nearly simultaneously with such acquisition;

12 (32) with prior approval of the commissioner, to establish and operate
13 a subsidiary for the purpose of owning, holding and managing all or part
14 of the bank's securities portfolio provided the parent bank owns 100% of
15 the stock of the subsidiary and the subsidiary shall not own, hold or
16 manage securities for any party other than the parent bank. The subsidiary
17 shall be subject to:

18 (A) All banking laws and rules and regulations applicable to the
19 parent bank unless otherwise provided;

20 (B) consolidation with the parent bank of pertinent book figures for
21 the purpose of applying all applicable statutory limitations including, but
22 not limited to, capital requirements, owning and holding real estate and
23 legal lending limitations;

24 (C) examination and supervision by the commissioner, the cost and
25 responsibility of which will be attributable to the parent bank; and

26 (D) any additional terms or conditions required by the commissioner
27 to address any legal or safety and soundness concerns;

28 (33) with prior approval of the commissioner, to establish or acquire
29 operating subsidiaries for the purpose of engaging in any activity which is
30 part or incidental to the business of banking as long as the parent bank
31 owns at least 50% of the stock of the subsidiary. The subsidiary shall be
32 subject to:

33 (A) All banking laws and regulations applicable to the parent bank
34 unless otherwise provided;

35 (B) consolidation with the parent bank of pertinent book figures for
36 the purpose of applying all applicable statutory limitations including, but
37 not limited to, capital requirements, owning and holding real estate and
38 legal lending limitations;

39 (C) examination and supervision by the commissioner the cost and
40 responsibility of which will be attributable to the parent bank; and

41 (D) any additional terms or conditions required by the commissioner
42 to address any legal or safety and soundness concerns;

43 (34) to invest in, without limitation, obligations of or obligations

1 which are insured as to principal and interest by or evidences of
2 indebtedness that are fully collateralized by obligations of the federal
3 home loan banks, the federal national mortgage association, the
4 government national mortgage association, the federal home loan
5 mortgage corporation, the student loan marketing association and the
6 federal farm credit banks;

7 (35) any bank or trust company may invest in bonds or notes secured
8 by mortgages which in turn are insured or upon which there is a
9 commitment to insure by the federal housing administration, or any
10 successor thereto, in debentures issued by the federal housing
11 administration or any successor, and in obligations of national mortgage
12 associations; and

13 (36) to buy tax credits for certain historic structure rehabilitation
14 expenditures pursuant to K.S.A. 2017 Supp. 79-32,211, and amendments
15 thereto. The total amount of such tax credits held by a bank shall at no
16 time exceed 25% of the capital stock, surplus, undivided profits, 100% of
17 the allowance for loan and lease loss, capital notes and debentures and
18 reserve for contingencies of such bank.

19 (b) Any bank hereby is authorized to exercise by the bank's board of
20 directors or duly authorized officers or agents, subject to approval by the
21 commissioner, any incidental power necessary to carry on the business of
22 banking.

23 Sec. 22. K.S.A. 2017 Supp. 39-709 is hereby amended to read as
24 follows: 39-709. (a) *General eligibility requirements for assistance for*
25 *which federal moneys are expended.* Subject to the additional requirements
26 below, assistance in accordance with plans under which federal moneys
27 are expended may be granted to any needy person who:

28 (1) Has insufficient income or resources to provide a reasonable
29 subsistence compatible with decency and health. Where a husband and
30 wife or cohabiting partners are living together, the combined income or
31 resources of both shall be considered in determining the eligibility of
32 either or both for such assistance unless otherwise prohibited by law. The
33 secretary, in determining need of any applicant for or recipient of
34 assistance shall not take into account the financial responsibility of any
35 individual for any applicant or recipient of assistance unless such applicant
36 or recipient is such individual's spouse, cohabiting partner or such
37 individual's minor child or minor stepchild if the stepchild is living with
38 such individual. The secretary in determining need of an individual may
39 provide such income and resource exemptions as may be permitted by
40 federal law. For purposes of eligibility for temporary assistance for needy
41 families, for food assistance and for any other assistance provided through
42 the Kansas department for children and families under which federal
43 moneys are expended, the secretary for children and families shall

1 consider one motor vehicle owned by the applicant for assistance,
2 regardless of the value of such vehicle, as exempt personal property and
3 shall consider any equity in any boat, personal water craft, recreational
4 vehicle, recreational off-highway vehicle or all-terrain vehicle, as defined
5 by K.S.A. 8-126, and amendments thereto, or any additional motor vehicle
6 owned by the applicant for assistance to be a nonexempt resource of the
7 applicant for assistance except that any additional motor vehicle used by
8 the applicant, the applicant's spouse or the applicant's cohabiting partner
9 for the primary purpose of earning income may be considered as exempt
10 personal property in the secretary's discretion.

11 (2) Is a citizen of the United States or is an alien lawfully admitted to
12 the United States and who is residing in the state of Kansas.

13 (b) *Temporary assistance for needy families.* Assistance may be
14 granted under this act to any dependent child, or relative, subject to the
15 general eligibility requirements as set out in subsection (a), who resides in
16 the state of Kansas or whose parent or other relative with whom the child
17 is living resides in the state of Kansas. Such assistance shall be known as
18 temporary assistance for needy families. Where the husband and wife or
19 cohabiting partners are living together, both shall register for work under
20 the program requirements for temporary assistance for needy families in
21 accordance with criteria and guidelines prescribed by rules and regulations
22 of the secretary.

23 (1) As used in this subsection, "family group" or "household" means
24 the applicant or recipient for TANF, child care subsidy or employment
25 services and all individuals living together in which there is a relationship
26 of legal responsibility or a qualifying caretaker relationship. This will
27 include a cohabiting boyfriend or girlfriend living with the person legally
28 responsible for the child. The family group shall not be eligible for TANF
29 if the family group contains at least one adult member who has received
30 TANF, including the federal TANF assistance received in any other state,
31 for 24 calendar months beginning on and after October 1, 1996, unless the
32 secretary determines a hardship exists and grants an extension allowing
33 receipt of TANF until the 36-month limit is reached. No extension beyond
34 36 months shall be granted. Hardship provisions for a recipient include:

35 (A) Is a caretaker of a disabled family member living in the
36 household;

37 (B) has a disability which precludes employment on a long-term basis
38 or requires substantial rehabilitation;

39 (C) needs a time limit extension to overcome the effects of domestic
40 violence/sexual assault;

41 (D) is involved with prevention and protection services (PPS) and has
42 an open social service plan; or

43 (E) is determined by the 24th month to have an extreme hardship other

1 than what is designated in criteria listed in subparagraphs (A) through (D).
2 This determination will be made by the executive review team.

3 (2) All adults applying for TANF shall be required to complete a
4 work program assessment as specified by the Kansas department for
5 children and families, including those who have been disqualified for or
6 denied TANF due to non-cooperation, drug testing requirements or fraud.
7 Adults who are not otherwise eligible for TANF, such as ineligible aliens,
8 relative/non-relative caretakers and adults receiving supplemental security
9 income are not required to complete the assessment process. During the
10 application processing period, applicants must complete at least one
11 module or its equivalent of the work program assessment to be considered
12 eligible for TANF benefits, unless good cause is found to be exempt from
13 the requirements. Good cause exemptions shall only include:

14 (A) The applicant can document an existing certification verifying
15 completion of the work program assessment;

16 (B) the applicant has a valid offer of employment or is employed a
17 minimum of 20 hours a week;

18 (C) the applicant is a parenting teen without a GED or high school
19 diploma;

20 (D) the applicant is enrolled in job corps;

21 (E) the applicant is working with a refugee social services agency; or

22 (F) the applicant has completed the work program assessment within
23 the last 12 months.

24 (3) The department for children and families shall maintain a
25 sufficient level of dedicated work program staff to enable the agency to
26 conduct work program case management services to TANF recipients in a
27 timely manner and in full accordance with state law and agency policy.

28 (4) TANF mandatory work program applicants and recipients shall
29 participate in work components that lead to competitive, integrated
30 employment. Components are defined by the federal government as being
31 either primary or secondary. In order to meet federal work participation
32 requirements, households need to meet at least 30 hours of participation
33 per week, at least 20 hours of which need to be primary and at least 10
34 hours may be secondary components in one parent households where the
35 youngest child is six years of age or older. Participation hours shall be 55
36 hours in two parent households (35 hours per week if child care is not
37 used). The maximum assignment is 40 hours per week per individual. For
38 two parent families to meet the federal work participation rate both parents
39 must participate in a combined total of 55 hours per week, 50 hours of
40 which must be in primary components, or one or both parents could be
41 assigned a combined total of 35 hours per week (30 hours of which must
42 be primary components) if department for children and families paid child
43 care is not received by the family. Single parent families with a child under

1 age six meet the federal participation requirement if the parent is engaged
2 in work or work activities for at least 20 hours per week in a primary work
3 component. The following components meet federal definitions of primary
4 hours of participation: Full or part-time employment, apprenticeship, work
5 study, self-employment, job corps, subsidized employment, work
6 experience sites, on-the-job training, supervised community service,
7 vocational education, job search and job readiness. Secondary components
8 include: Job skills training, education directly related to employment such
9 as adult basic education and English as a second language, and completion
10 of a high school diploma or GED.

11 (5) A parent or other adult caretaker personally providing care for a
12 child under the age of three months in their TANF household is exempt
13 from work participation activities until the month the child turns three
14 months of age. Such three-month limitation shall not apply to a parent or
15 other adult caretaker who is personally providing care for a child born
16 significantly premature, with serious medical conditions or with a
17 disability as defined by the secretary, in consultation with the secretary of
18 health and environment, and adopted in the rules and regulations. The
19 three-month period is defined as two consecutive months starting with the
20 month after childbirth. The exemption for caring for a child under three
21 months cannot be claimed:

22 (A) By either parent when two parents are in the home and the
23 household meets the two-parent definition for federal reporting purposes;

24 (B) by one parent or caretaker when the other parent or caretaker is in
25 the home, and available, capable and suitable to provide care and the
26 household does not meet the two-parent definition for federal reporting
27 purposes;

28 (C) by a person age 19 or younger when such person is pregnant or a
29 parent of a child in the home and the person does not possess a high school
30 diploma or its equivalent. Such person shall become exempt the month
31 such person turns age 20; or

32 (D) by any person assigned to a work participation activity for
33 substance use disorders.

34 (6) TANF work experience placements shall be reviewed after 90
35 days and are limited to six months per 24-month lifetime limit. A client's
36 progress shall be reviewed prior to each new placement regardless of the
37 length of time they are at the work experience site.

38 (7) TANF participants with disabilities shall engage in required
39 employment activities to the maximum extent consistent with their
40 abilities. TANF participants shall provide current documentation by a
41 qualified medical practitioner that details the abilities to engage in
42 employment and any limitations in work activities along with the expected
43 duration of such limitations. Disability is defined as a physical or mental

1 impairment constituting or resulting in a substantial impediment to
2 employment for such individual.

3 (8) Non-cooperation is the failure of the applicant or recipient to
4 comply with all requirements provided in state and federal law, federal and
5 state rules and regulations and agency policy. The period of ineligibility
6 for TANF benefits based on non-cooperation with work programs shall be
7 as follows:

8 (A) For a first penalty, three months and full cooperation with work
9 program activities;

10 (B) for a second penalty, six months and full cooperation with work
11 program activities;

12 (C) for a third penalty, one year and full cooperation with work
13 program activities; and

14 (D) for a fourth or subsequent penalty, 10 years.

15 (9) Individuals that have not cooperated with TANF work programs
16 shall be ineligible to participate in the food assistance program. The
17 comparable penalty shall be applied to only the individual in the food
18 assistance program who failed to comply with the TANF work
19 requirement. The agency shall impose the same penalty to the member of
20 the household who failed to comply with TANF requirements. The penalty
21 periods are three months, six months, one year, or 10 years.

22 (10) Non-cooperation is the failure of the applicant or recipient to
23 comply with all requirements provided in state and federal law, federal and
24 state rules and regulations and agency policy. The period of ineligibility
25 for child care subsidy or TANF benefits based on parents' non-cooperation
26 with child support services shall be as follows:

27 (A) For the first penalty, three months and cooperation with child
28 support services prior to regaining eligibility;

29 (B) for a second penalty, six months and cooperation with child
30 support services prior to regaining eligibility;

31 (C) for a third penalty, one year and cooperation with child support
32 services prior to regaining eligibility; and

33 (D) for a fourth penalty, 10 years.

34 (11) Individuals that have not cooperated without good cause with
35 child support services shall be ineligible to participate in the food
36 assistance program. The period of disqualification ends once it has been
37 determined that such individual is cooperating with child support services.

38 (12) (A) Any individual who is found to have committed fraud or is
39 found guilty of the crime of theft pursuant to K.S.A. 39-720 and K.S.A.
40 2017 Supp. 21-5801, and amendments thereto, in either the TANF or child
41 care program shall render all adults in the family unit ineligible for TANF
42 assistance. Adults in the household who were determined to have
43 committed fraud or were convicted of the crime of theft pursuant to K.S.A.

1 39-720 and K.S.A. 2017 Supp. 21-5801, and amendments thereto, shall
2 render themselves and all adult household members ineligible for their
3 lifetime for TANF, even if fraud was committed in only one program.
4 Households who have been determined to have committed fraud or were
5 convicted of the crime of theft pursuant to K.S.A. 39-720 and K.S.A. 2017
6 Supp. 21-5801, and amendments thereto, shall be required to name a
7 protective payee as approved by the secretary or the secretary's designee to
8 administer TANF benefits or food assistance on behalf of the children. No
9 adult in a household may have access to the TANF cash assistance benefit.

10 (B) Any individual that has failed to cooperate with a fraud
11 investigation shall be ineligible to participate in the TANF cash assistance
12 program and the child care subsidy program until the department for
13 children and families determines that such individual is cooperating with
14 the fraud investigation. The department for children and families shall
15 maintain a sufficient level of fraud investigative staff to enable the
16 department to conduct fraud investigations in a timely manner and in full
17 accordance with state law and department rules and regulations or policies.

18 (13) (A) Food assistance shall not be provided to any person
19 convicted of a felony offense occurring on or after July 1, 2015, which
20 includes as an element of such offense the manufacture, cultivation,
21 distribution, possession or use of a controlled substance or controlled
22 substance analog. For food assistance, the individual shall be permanently
23 disqualified if they have been convicted of a state or federal felony offense
24 occurring on or after July 1, 2015, involving possession or use of a
25 controlled substance or controlled substance analog.

26 (B) Notwithstanding the provisions of subparagraph (A), an
27 individual shall be eligible for food assistance if the individual enrolls in
28 and participates in a drug treatment program approved by the secretary,
29 submits to and passes a drug test and agrees to submit to drug testing if
30 requested by the department pursuant to a drug testing plan.

31 An individual's failure to submit to testing or failure to successfully
32 pass a drug test shall result in ineligibility for food assistance until a drug
33 test is successfully passed. Failure to successfully complete a drug
34 treatment program shall result in ineligibility for food assistance until a
35 drug treatment plan approved by the secretary is successfully completed,
36 the individual passes a drug test and agrees to submit to drug testing if
37 requested by the department pursuant to a drug testing plan.

38 (C) The provisions of subparagraph (B) shall not apply to any
39 individual who has been convicted for a second or subsequent felony
40 offense as provided in subparagraph (A).

41 (14) No TANF cash assistance shall be used to purchase alcohol,
42 cigarettes, tobacco products, lottery tickets, concert tickets, professional or
43 collegiate sporting event tickets or tickets for other entertainment events

1 intended for the general public or sexually oriented adult materials. No
2 TANF cash assistance shall be used in any retail liquor store, casino,
3 gaming establishment, jewelry store, tattoo parlor, massage parlor, body
4 piercing parlor, spa, nail salon, lingerie shop, tobacco paraphernalia store,
5 vapor cigarette store, psychic or fortune telling business, bail bond
6 company, video arcade, movie theater, swimming pool, cruise ship, theme
7 park, dog or horse racing facility, parimutuel facility, or sexually oriented
8 business or any retail establishment which provides adult-oriented
9 entertainment in which performers disrobe or perform in an unclothed
10 state for entertainment, or in any business or retail establishment where
11 minors under age 18 are not permitted. No TANF cash assistance shall be
12 used for purchases at points of sale outside the state of Kansas.

13 (15) (A) The secretary for children and families shall place a
14 photograph of the recipient, if agreed to by such recipient of public
15 assistance, on any Kansas benefits card issued by the Kansas department
16 for children and families that the recipient uses in obtaining food, cash or
17 any other services. When a recipient of public assistance is a minor or
18 otherwise incapacitated individual, a parent or legal guardian of such
19 recipient may have a photograph of such parent or legal guardian placed
20 on the card.

21 (B) Any Kansas benefits card with a photograph of a recipient shall
22 be valid for voting purposes as a public assistance identification card in
23 accordance with the provisions of K.S.A. 25-2908, and amendments
24 thereto.

25 (C) As used in this paragraph and its subparagraphs, "Kansas benefits
26 card" means any card issued to provide food assistance, cash assistance or
27 child care assistance, including, but not limited to, the vision card, EBT
28 card and Kansas benefits card.

29 (D) The Kansas department for children and families shall monitor all
30 recipient requests for a Kansas benefits card replacement and, upon the
31 fourth such request in a 12-month period, send a notice alerting the
32 recipient that the recipient's account is being monitored for potential
33 suspicious activity. If a recipient makes an additional request for
34 replacement subsequent to such notice, the department shall refer the
35 investigation to the department's fraud investigation unit.

36 (16) The secretary for children and families shall adopt rules and
37 regulations:

38 (A) In determining eligibility for the child care subsidy program,
39 including an income of a cohabiting partner in a child care household; and

40 (B) in determining and maintaining eligibility for non-TANF child
41 care, requiring that all included adults shall be employed a minimum of 20
42 hours per week or more as defined by the secretary or meet the following
43 specific qualifying exemptions:

1 (i) Adults who are not capable of meeting the requirement due to a
2 documented physical or mental condition;

3 (ii) adults who are former TANF recipients who need child care for
4 employment after their TANF case has closed and earned income is a
5 factor in the closure in the two months immediately following TANF
6 closure;

7 (iii) adult parents included in a case in which the only child receiving
8 benefits is the child of a minor parent who is working on completion of
9 high school or obtaining a GED;

10 (iv) adults who are participants in a food assistance employment and
11 training program; or

12 (v) adults who are participants in an early head start child care
13 partnership program and are working or in school or training.

14 The department for children and families shall provide child care for
15 the pursuit of any degree or certification if the occupation has at least an
16 average job outlook listed in the occupational outlook of the U.S.
17 department of labor, bureau of labor statistics. For occupations with less
18 than an average job outlook, educational plans shall require approval of
19 the secretary or secretary's designee. Child care may also be approved if
20 the student provides verification of a specific job offer that will be
21 available to such student upon completion of the program. Child care for
22 post-secondary education shall be allowed for a lifetime maximum of 24
23 months per adult. The 24 months may not have to be consecutive. Students
24 shall be engaged in paid employment for a minimum of 15 hours per
25 week. In a two-parent adult household, child care would not be allowed if
26 both parents are adults and attending a formal education or training
27 program at the same time. The household may choose which one of the
28 parents is participating as a post-secondary student. The other parent shall
29 meet another approvable criteria for child care subsidy.

30 (17) (A) The secretary for children and families is prohibited from
31 requesting or implementing a waiver or program from the U.S. department
32 of agriculture for the time limited assistance provisions for able-bodied
33 adults aged 18 through 49 without dependents in a household under the
34 food assistance program. The time on food assistance for able-bodied
35 adults aged 18 through 49 without dependents in the household shall be
36 limited to three months in a 36-month period if such adults are not meeting
37 the requirements imposed by the U.S. department of agriculture that they
38 must work for at least 20 hours per week or participate in a federally
39 approved work program or its equivalent.

40 (B) Each food assistance household member who is not otherwise
41 exempt from the following work requirements shall: Register for work;
42 participate in an employment and training program, if assigned to such a
43 program by the department; accept a suitable employment offer; and not

1 voluntarily quit a job of at least 30 hours per week.

2 (C) Any recipient who has not complied with the work requirements
3 under subparagraph (B) shall be ineligible to participate in the food
4 assistance program for the following time period and until the recipient
5 complies with such work requirements:

6 (i) For a first penalty, three months;

7 (ii) for a second penalty, six months; and

8 (iii) for a third penalty and any subsequent penalty, one year.

9 (18) Eligibility for the food assistance program shall be limited to
10 those individuals who are citizens or who meet qualified non-citizen status
11 as determined by U.S. department of agriculture. Non-citizen individuals
12 who are unable or unwilling to provide qualifying immigrant
13 documentation, as defined by the U.S. department of agriculture, residing
14 within a household shall not be included when determining the household's
15 size for the purposes of assigning a benefit level to the household for food
16 assistance or comparing the household's monthly income with the income
17 eligibility standards. The gross non-exempt earned and unearned income
18 and resources of disqualified individuals shall be counted in its entirety as
19 available to the remaining household members.

20 (19) The secretary for children and families shall not enact the state
21 option from the U.S. department of agriculture for broad-based categorical
22 eligibility for households applying for food assistance according to the
23 provisions of 7 C.F.R. § 273.2(j)(2)(ii).

24 (20) No federal or state funds shall be used for television, radio or
25 billboard advertisements that are designed to promote food assistance
26 benefits and enrollment. No federal or state funding shall be used for any
27 agreements with foreign governments designed to promote food
28 assistance.

29 (21) (A) The secretary for children and families shall not apply gross
30 income standards for food assistance higher than the standards specified in
31 7 U.S.C. § 2015(c) unless expressly required by federal law. Categorical
32 eligibility exempting households from such gross income standards
33 requirements shall not be granted for any non-cash, in-kind or other
34 benefit unless expressly required by federal law.

35 (B) The secretary for children and families shall not apply resource
36 limits standards for food assistance that are higher than the standards
37 specified in 7 U.S.C. § 2015(g)(1) unless expressly required by federal
38 law. Categorical eligibility exempting households from such resource
39 limits shall not be granted for any non-cash, in-kind or other benefit unless
40 expressly required by federal law.

41 (c) (1) On and after January 1, 2017, the department for children and
42 families shall conduct an electronic check for any false information
43 provided on an application for TANF and other benefits programs

1 administered by the department. For TANF cash assistance, food
2 assistance and the child care subsidy program, the department shall verify
3 the identity of all adults in the assistance household.

4 (2) The department of administration shall provide monthly to the
5 Kansas department for children and families the social security numbers or
6 alternate taxpayer identification numbers of all persons who claim a
7 Kansas lottery prize in excess of \$5,000 during the reported month. The
8 Kansas department for children and families shall verify if individuals
9 with such winnings are receiving TANF cash assistance, food assistance or
10 assistance under the child care subsidy program and take appropriate
11 action. The Kansas department for children and families shall use data
12 received under this subsection solely, and for no other purpose, to
13 determine if any recipient's eligibility for benefits has been affected by
14 lottery prize winnings. The Kansas department for children and families
15 shall not publicly disclose the identity of any lottery prize winner,
16 including recipients who are determined to have illegally received
17 benefits.

18 (d) *Temporary assistance for needy families; assignment of support*
19 *rights and limited power of attorney.* By applying for or receiving
20 temporary assistance for needy families such applicant or recipient shall be
21 deemed to have assigned to the secretary on behalf of the state any
22 accrued, present or future rights to support from any other person such
23 applicant may have in such person's own behalf or in behalf of any other
24 family member for whom the applicant is applying for or receiving aid. In
25 any case in which an order for child support has been established and the
26 legal custodian and obligee under the order surrenders physical custody of
27 the child to a caretaker relative without obtaining a modification of legal
28 custody and support rights on behalf of the child are assigned pursuant to
29 this section, the surrender of physical custody and the assignment shall
30 transfer, by operation of law, the child's support rights under the order to
31 the secretary on behalf of the state. Such assignment shall be of all
32 accrued, present or future rights to support of the child surrendered to the
33 caretaker relative. The assignment of support rights shall automatically
34 become effective upon the date of approval for or receipt of such aid
35 without the requirement that any document be signed by the applicant,
36 recipient or obligee. By applying for or receiving temporary assistance for
37 needy families, or by surrendering physical custody of a child to a
38 caretaker relative who is an applicant or recipient of such assistance on the
39 child's behalf, the applicant, recipient or obligee is also deemed to have
40 appointed the secretary, or the secretary's designee, as an attorney-in-fact
41 to perform the specific act of negotiating and endorsing all drafts, checks,
42 money orders or other negotiable instruments representing support
43 payments received by the secretary in behalf of any person applying for,

1 receiving or having received such assistance. This limited power of
2 attorney shall be effective from the date the secretary approves the
3 application for aid and shall remain in effect until the assignment of
4 support rights has been terminated in full.

5 (e) *Requirements for medical assistance for which federal moneys or*
6 *state moneys or both are expended.* (1) When the secretary has adopted a
7 medical care plan under which federal moneys or state moneys or both are
8 expended, medical assistance in accordance with such plan shall be
9 granted to any person who is a citizen of the United States or who is an
10 alien lawfully admitted to the United States and who is residing in the state
11 of Kansas, whose resources and income do not exceed the levels
12 prescribed by the secretary. In determining the need of an individual, the
13 secretary may provide for income and resource exemptions and protected
14 income and resource levels. Resources from inheritance shall be counted.
15 A disclaimer of an inheritance pursuant to K.S.A. 59-2291, and
16 amendments thereto, shall constitute a transfer of resources. The secretary
17 shall exempt principal and interest held in irrevocable trust pursuant to
18 K.S.A. 16-303(c), and amendments thereto, from the eligibility
19 requirements of applicants for and recipients of medical assistance. Such
20 assistance shall be known as medical assistance.

21 (2) For the purposes of medical assistance eligibility determinations
22 on or after July 1, 2004, if an applicant or recipient owns property in joint
23 tenancy with some other party and the applicant or recipient of medical
24 assistance has restricted or conditioned their interest in such property to a
25 specific and discrete property interest less than 100%, then such
26 designation will cause the full value of the property to be considered an
27 available resource to the applicant or recipient. Medical assistance
28 eligibility for receipt of benefits under the title XIX of the social security
29 act, commonly known as medicaid, shall not be expanded, as provided for
30 in the patient protection and affordable care act, public law 111-148, 124
31 stat. 119, and the health care and education reconciliation act of 2010,
32 public law 111-152, 124 stat. 1029, unless the legislature expressly
33 consents to, and approves of, the expansion of medicaid services by an act
34 of the legislature.

35 (3) (A) Resources from trusts shall be considered when determining
36 eligibility of a trust beneficiary for medical assistance. Medical assistance
37 is to be secondary to all resources, including trusts, that may be available
38 to an applicant or recipient of medical assistance.

39 (B) If a trust has discretionary language, the trust shall be considered
40 to be an available resource to the extent, using the full extent of discretion,
41 the trustee may make any of the income or principal available to the
42 applicant or recipient of medical assistance. Any such discretionary trust
43 shall be considered an available resource unless: (i) At the time of creation

1 or amendment of the trust, the trust states a clear intent that the trust is
2 supplemental to public assistance; and (ii) the trust: (a) Is funded from
3 resources of a person who, at the time of such funding, owed no duty of
4 support to the applicant or recipient of medical assistance; or (b) is funded
5 not more than nominally from resources of a person while that person
6 owed a duty of support to the applicant or recipient of medical assistance.

7 (C) For the purposes of this paragraph, "public assistance" includes,
8 but is not limited to, medicaid, medical assistance or title XIX of the social
9 security act.

10 (4) (A) When an applicant or recipient of medical assistance is a party
11 to a contract, agreement or accord for personal services being provided by
12 a nonlicensed individual or provider and such contract, agreement or
13 accord involves health and welfare monitoring, pharmacy assistance, case
14 management, communication with medical, health or other professionals,
15 or other activities related to home health care, long term care, medical
16 assistance benefits, or other related issues, any moneys paid under such
17 contract, agreement or accord shall be considered to be an available
18 resource unless the following restrictions are met: (i) The contract,
19 agreement or accord must be in writing and executed prior to any services
20 being provided; (ii) the moneys paid are in direct relationship with the fair
21 market value of such services being provided by similarly situated and
22 trained nonlicensed individuals; (iii) if no similarly situated nonlicensed
23 individuals or situations can be found, the value of services will be based
24 on federal hourly minimum wage standards; (iv) such individual providing
25 the services will report all receipts of moneys as income to the appropriate
26 state and federal governmental revenue agencies; (v) any amounts due
27 under such contract, agreement or accord shall be paid after the services
28 are rendered; (vi) the applicant or recipient shall have the power to revoke
29 the contract, agreement or accord; and (vii) upon the death of the applicant
30 or recipient, the contract, agreement or accord ceases.

31 (B) When an applicant or recipient of medical assistance is a party to
32 a written contract for personal services being provided by a licensed health
33 professional or facility and such contract involves health and welfare
34 monitoring, pharmacy assistance, case management, communication with
35 medical, health or other professionals, or other activities related to home
36 health care, long term care, medical assistance benefits or other related
37 issues, any moneys paid in advance of receipt of services for such
38 contracts shall be considered to be an available resource.

39 (5) Any trust may be amended if such amendment is permitted by the
40 Kansas uniform trust code.

41 (f) *Eligibility for medical assistance of resident receiving medical*
42 *care outside state.* A person who is receiving medical care including long-
43 term care outside of Kansas whose health would be endangered by the

1 postponement of medical care until return to the state or by travel to return
2 to Kansas, may be determined eligible for medical assistance if such
3 individual is a resident of Kansas and all other eligibility factors are met.
4 Persons who are receiving medical care on an ongoing basis in a long-term
5 medical care facility in a state other than Kansas and who do not return to
6 a care facility in Kansas when they are able to do so, shall no longer be
7 eligible to receive assistance in Kansas unless such medical care is not
8 available in a comparable facility or program providing such medical care
9 in Kansas. For persons who are minors or who are under guardianship, the
10 actions of the parent or guardian shall be deemed to be the actions of the
11 child or ward in determining whether or not the person is remaining
12 outside the state voluntarily.

13 (g) *Medical assistance; assignment of rights to medical support and*
14 *limited power of attorney; recovery from estates of deceased recipients.* (1)
15 (A) Except as otherwise provided in K.S.A. 39-786 and 39-787, and
16 amendments thereto, or as otherwise authorized on and after September
17 30, 1989, under section 303 of the federal medicare catastrophic coverage
18 act of 1988, whichever is applicable, by applying for or receiving medical
19 assistance under a medical care plan in which federal funds are expended,
20 any accrued, present or future rights to support and any rights to payment
21 for medical care from a third party of an applicant or recipient and any
22 other family member for whom the applicant is applying shall be deemed
23 to have been assigned to the secretary on behalf of the state. The
24 assignment shall automatically become effective upon the date of approval
25 for such assistance without the requirement that any document be signed
26 by the applicant or recipient. By applying for or receiving medical
27 assistance the applicant or recipient is also deemed to have appointed the
28 secretary, or the secretary's designee, as an attorney in fact to perform the
29 specific act of negotiating and endorsing all drafts, checks, money orders
30 or other negotiable instruments, representing payments received by the
31 secretary in on behalf of any person applying for, receiving or having
32 received such assistance. This limited power of attorney shall be effective
33 from the date the secretary approves the application for assistance and
34 shall remain in effect until the assignment has been terminated in full. The
35 assignment of any rights to payment for medical care from a third party
36 under this subsection shall not prohibit a health care provider from directly
37 billing an insurance carrier for services rendered if the provider has not
38 submitted a claim covering such services to the secretary for payment.
39 Support amounts collected on behalf of persons whose rights to support
40 are assigned to the secretary only under this subsection and no other shall
41 be distributed pursuant to K.S.A. 39-756(d), and amendments thereto,
42 except that any amounts designated as medical support shall be retained by
43 the secretary for repayment of the unreimbursed portion of assistance.

1 Amounts collected pursuant to the assignment of rights to payment for
2 medical care from a third party shall also be retained by the secretary for
3 repayment of the unreimbursed portion of assistance.

4 (B) Notwithstanding the provisions of subparagraph (A), the
5 secretary of health and environment, or the secretary's designee, is hereby
6 authorized to and shall exercise any of the powers specified in
7 subparagraph (A) in relation to performance of such secretary's duties
8 pertaining to medical subrogation, estate recovery or any other duties
9 assigned to such secretary in article 74 of chapter 75 of the Kansas Statutes
10 Annotated, and amendments thereto.

11 (2) The amount of any medical assistance paid after June 30, 1992,
12 under the provisions of subsection (e) is: (A) A claim against the property
13 or any interest therein belonging to and a part of the estate of any deceased
14 recipient or, if there is no estate, the estate of the surviving spouse, if any,
15 shall be charged for such medical assistance paid to either or both; and (B)
16 a claim against any funds of such recipient or spouse in any account under
17 K.S.A. 9-1215, 17-2263, ~~17-2264~~, ~~17-5828~~ or ~~17-5829~~ or 17-2264, and
18 amendments thereto. There shall be no recovery of medical assistance
19 correctly paid to or on behalf of an individual under subsection (e) except
20 after the death of the surviving spouse of the individual, if any, and only at
21 a time when the individual has no surviving child who is under 21 years of
22 age or is blind or permanently and totally disabled. Transfers of real or
23 personal property by recipients of medical assistance without adequate
24 consideration are voidable and may be set aside. Except where there is a
25 surviving spouse, or a surviving child who is under 21 years of age or is
26 blind or permanently and totally disabled, the amount of any medical
27 assistance paid under subsection (e) is a claim against the estate in any
28 guardianship or conservatorship proceeding. The monetary value of any
29 benefits received by the recipient of such medical assistance under long-
30 term care insurance, as defined by K.S.A. 40-2227, and amendments
31 thereto, shall be a credit against the amount of the claim provided for such
32 medical assistance under this subsection. The secretary of health and
33 environment is authorized to enforce each claim provided for under this
34 subsection. The secretary of health and environment shall not be required
35 to pursue every claim, but is granted discretion to determine which claims
36 to pursue. All moneys received by the secretary of health and environment
37 from claims under this subsection shall be deposited in the social welfare
38 fund. The secretary of health and environment may adopt rules and
39 regulations for the implementation and administration of the medical
40 assistance recovery program under this subsection.

41 (3) By applying for or receiving medical assistance under the
42 provisions of article 7 of chapter 39 of the Kansas Statutes Annotated, and
43 amendments thereto, such individual or such individual's agent, fiduciary,

1 guardian, conservator, representative payee or other person acting on
2 behalf of the individual consents to the following definitions of estate and
3 the results therefrom:

4 (A) If an individual receives any medical assistance before July 1,
5 2004, pursuant to article 7 of chapter 39 of the Kansas Statutes Annotated,
6 and amendments thereto, which forms the basis for a claim under
7 paragraph (2), such claim is limited to the individual's probatable estate as
8 defined by applicable law; and

9 (B) if an individual receives any medical assistance on or after July 1,
10 2004, pursuant to article 7 of chapter 39 of the Kansas Statutes Annotated,
11 and amendments thereto, which forms the basis for a claim under
12 paragraph (2), such claim shall apply to the individual's medical assistance
13 estate. The medical assistance estate is defined as including all real and
14 personal property and other assets in which the deceased individual had
15 any legal title or interest immediately before or at the time of death to the
16 extent of that interest or title. The medical assistance estate includes,
17 without limitation assets conveyed to a survivor, heir or assign of the
18 deceased recipient through joint tenancy, tenancy in common,
19 survivorship, transfer-on-death deed, payable-on-death contract, life estate,
20 trust, annuities or similar arrangement.

21 (4) The secretary of health and environment or the secretary's
22 designee is authorized to file and enforce a lien against the real property of
23 a recipient of medical assistance in certain situations, subject to all prior
24 liens of record and transfers for value to a bona fide purchaser of record.
25 The lien must be filed in the office of the register of deeds of the county
26 where the real property is located within one year from the date of death of
27 the recipient and must contain the legal description of all real property in
28 the county subject to the lien.

29 (A) After the death of a recipient of medical assistance, the secretary
30 of health and environment or the secretary's designee may place a lien on
31 any interest in real property owned by such recipient.

32 (B) The secretary of health and environment or the secretary's
33 designee may place a lien on any interest in real property owned by a
34 recipient of medical assistance during the lifetime of such recipient. Such
35 lien may be filed only after notice and an opportunity for a hearing has
36 been given. Such lien may be enforced only upon competent medical
37 testimony that the recipient cannot reasonably be expected to be
38 discharged and returned home. A six-month period of compensated
39 inpatient care at a nursing home or other medical institution shall
40 constitute a determination by the department of health and environment
41 that the recipient cannot reasonably be expected to be discharged and
42 returned home. To return home means the recipient leaves the nursing or
43 medical facility and resides in the home on which the lien has been placed

1 for a continuous period of at least 90 days without being readmitted as an
2 inpatient to a nursing or medical facility. The amount of the lien shall be
3 for the amount of assistance paid by the department of health and
4 environment until the time of the filing of the lien and for any amount paid
5 thereafter for such medical assistance to the recipient. After the lien is filed
6 against any real property owned by the recipient, such lien will be
7 dissolved if the recipient is discharged, returns home and resides upon the
8 real property to which the lien is attached for a continuous period of at
9 least 90 days without being readmitted as an inpatient to a nursing or
10 medical facility. If the recipient is readmitted as an inpatient to a nursing or
11 medical facility for a continuous period of less than 90 days, another
12 continuous period of at least 90 days shall be completed prior to
13 dissolution of the lien.

14 (5) The lien filed by the secretary of health and environment or the
15 secretary's designee for medical assistance correctly received may be
16 enforced before or after the death of the recipient by the filing of an action
17 to foreclose such lien in the Kansas district court or through an estate
18 probate court action in the county where the real property of the recipient
19 is located. However, it may be enforced only:

- 20 (A) After the death of the surviving spouse of the recipient;
21 (B) when there is no child of the recipient, natural or adopted, who is
22 20 years of age or less residing in the home;
23 (C) when there is no adult child of the recipient, natural or adopted,
24 who is blind or disabled residing in the home; or
25 (D) when no brother or sister of the recipient is lawfully residing in
26 the home, who has resided there for at least one year immediately before
27 the date of the recipient's admission to the nursing or medical facility, and
28 has resided there on a continuous basis since that time.

29 (6) The lien remains on the property even after a transfer of the title
30 by conveyance, sale, succession, inheritance or will unless one of the
31 following events occur:

- 32 (A) The lien is satisfied. The recipient, the heirs, personal
33 representative or assigns of the recipient may discharge such lien at any
34 time by paying the amount of the lien to the secretary of health and
35 environment or the secretary's designee;
36 (B) the lien is terminated by foreclosure of prior lien of record or
37 settlement action taken in lieu of foreclosure; or
38 (C) the value of the real property is consumed by the lien, at which
39 time the secretary of health and environment or the secretary's designee
40 may force the sale for the real property to satisfy the lien.

41 (7) If the secretary for aging and disability services or the secretary of
42 health and environment, or both, or such secretary's designee has not filed
43 an action to foreclose the lien in the Kansas district court in the county

1 where the real property is located within 10 years from the date of the
2 filing of the lien, then the lien shall become dormant, and shall cease to
3 operate as a lien on the real estate of the recipient. Such dormant lien may
4 be revived in the same manner as a dormant judgment lien is revived under
5 K.S.A. 60-2403 et seq., and amendments thereto.

6 (8) Within seven days of receipt of notice by the secretary for
7 children and families or the secretary's designee of the death of a recipient
8 of medical assistance under this subsection, the secretary for children and
9 families or the secretary's designee shall give notice of such recipient's
10 death to the secretary of health and environment or the secretary's
11 designee.

12 (9) All rules and regulations adopted on and after July 1, 2013, and
13 prior to July 1, 2014, to implement this subsection shall continue to be
14 effective and shall be deemed to be duly adopted rules and regulations of
15 the secretary of health and environment until revised, amended, revoked or
16 nullified pursuant to law.

17 (h) *Placement under the revised Kansas code for care of children or*
18 *revised Kansas juvenile justice code; assignment of support rights and*
19 *limited power of attorney.* In any case in which the secretary for children
20 and families pays for the expenses of care and custody of a child pursuant
21 to K.S.A. 2017 Supp. 38-2201 et seq. or 38-2301 et seq., and amendments
22 thereto, including the expenses of any foster care placement, an
23 assignment of all past, present and future support rights of the child in
24 custody possessed by either parent or other person entitled to receive
25 support payments for the child is, by operation of law, conveyed to the
26 secretary. Such assignment shall become effective upon placement of a
27 child in the custody of the secretary or upon payment of the expenses of
28 care and custody of a child by the secretary without the requirement that
29 any document be signed by the parent or other person entitled to receive
30 support payments for the child. When the secretary pays for the expenses
31 of care and custody of a child or a child is placed in the custody of the
32 secretary, the parent or other person entitled to receive support payments
33 for the child is also deemed to have appointed the secretary, or the
34 secretary's designee, as attorney in fact to perform the specific act of
35 negotiating and endorsing all drafts, checks, money orders or other
36 negotiable instruments representing support payments received by the
37 secretary on behalf of the child. This limited power of attorney shall be
38 effective from the date the assignment to support rights becomes effective
39 and shall remain in effect until the assignment of support rights has been
40 terminated in full.

41 (i) No person who voluntarily quits employment or who is fired from
42 employment due to gross misconduct as defined by rules and regulations
43 of the secretary or who is a fugitive from justice by reason of a felony

1 conviction or charge or violation of a condition of probation or parole
2 imposed under federal or state law shall be eligible to receive public
3 assistance benefits in this state. Any recipient of public assistance who
4 fails to timely comply with monthly reporting requirements under criteria
5 and guidelines prescribed by rules and regulations of the secretary shall be
6 subject to a penalty established by the secretary by rules and regulations.

7 (j) If the applicant or recipient of temporary assistance for needy
8 families is a mother of the dependent child, as a condition of the mother's
9 eligibility for temporary assistance for needy families the mother shall
10 identify by name and, if known, by current address the father of the
11 dependent child except that the secretary may adopt by rules and
12 regulations exceptions to this requirement in cases of undue hardship. Any
13 recipient of temporary assistance for needy families who fails to cooperate
14 with requirements relating to child support services under criteria and
15 guidelines prescribed by rules and regulations of the secretary shall be
16 subject to a penalty established by the secretary.

17 (k) By applying for or receiving child care benefits or food
18 assistance, the applicant or recipient shall be deemed to have assigned,
19 pursuant to K.S.A. 39-756, and amendments thereto, to the secretary on
20 behalf of the state only accrued, present or future rights to support from
21 any other person such applicant may have in such person's own behalf or
22 in behalf of any other family member for whom the applicant is applying
23 for or receiving aid. The assignment of support rights shall automatically
24 become effective upon the date of approval for or receipt of such aid
25 without the requirement that any document be signed by the applicant or
26 recipient. By applying for or receiving child care benefits or food
27 assistance, the applicant or recipient is also deemed to have appointed the
28 secretary, or the secretary's designee, as an attorney in fact to perform the
29 specific act of negotiating and endorsing all drafts, checks, money orders
30 or other negotiable instruments representing support payments received by
31 the secretary in behalf of any person applying for, receiving or having
32 received such assistance. This limited power of attorney shall be effective
33 from the date the secretary approves the application for aid and shall
34 remain in effect until the assignment of support rights has been terminated
35 in full. An applicant or recipient who has assigned support rights to the
36 secretary pursuant to this subsection shall cooperate in establishing and
37 enforcing support obligations to the same extent required of applicants for
38 or recipients of temporary assistance for needy families.

39 (l) (1) A program of drug screening for applicants for cash assistance
40 as a condition of eligibility for cash assistance and persons receiving cash
41 assistance as a condition of continued receipt of cash assistance shall be
42 established, subject to applicable federal law, by the secretary for children
43 and families on and before January 1, 2014. Under such program of drug

1 screening, the secretary for children and families shall order a drug
2 screening of an applicant for or a recipient of cash assistance at any time
3 when reasonable suspicion exists that such applicant for or recipient of
4 cash assistance is unlawfully using a controlled substance or controlled
5 substance analog. The secretary for children and families may use any
6 information obtained by the secretary for children and families to
7 determine whether such reasonable suspicion exists, including, but not
8 limited to, an applicant's or recipient's demeanor, missed appointments and
9 arrest or other police records, previous employment or application for
10 employment in an occupation or industry that regularly conducts drug
11 screening, termination from previous employment due to unlawful use of a
12 controlled substance or controlled substance analog or prior drug screening
13 records of the applicant or recipient indicating unlawful use of a controlled
14 substance or controlled substance analog.

15 (2) Any applicant for or recipient of cash assistance whose drug
16 screening results in a positive test may request that the drug screening
17 specimen be sent to a different drug testing facility for an additional drug
18 screening. Any applicant for or recipient of cash assistance who requests
19 an additional drug screening at a different drug testing facility shall be
20 required to pay the cost of drug screening. Such applicant or recipient who
21 took the additional drug screening and who tested negative for unlawful
22 use of a controlled substance and controlled substance analog shall be
23 reimbursed for the cost of such additional drug screening.

24 (3) Any applicant for or recipient of cash assistance who tests
25 positive for unlawful use of a controlled substance or controlled substance
26 analog shall be required to complete a substance abuse treatment program
27 approved by the secretary for children and families, secretary of labor or
28 secretary of commerce, and a job skills program approved by the secretary
29 for children and families, secretary of labor or secretary of commerce.
30 Subject to applicable federal laws, any applicant for or recipient of cash
31 assistance who fails to complete or refuses to participate in the substance
32 abuse treatment program or job skills program as required under this
33 subsection shall be ineligible to receive cash assistance until completion of
34 such substance abuse treatment and job skills programs. Upon completion
35 of both substance abuse treatment and job skills programs, such applicant
36 for or recipient of cash assistance may be subject to periodic drug
37 screening, as determined by the secretary for children and families. Upon a
38 second positive test for unlawful use of a controlled substance or
39 controlled substance analog, a recipient of cash assistance shall be ordered
40 to complete again a substance abuse treatment program and job skills
41 program, and shall be terminated from cash assistance for a period of 12
42 months, or until such recipient of cash assistance completes both substance
43 abuse treatment and job skills programs, whichever is later. Upon a third

1 positive test for unlawful use of a controlled substance or controlled
2 substance analog, a recipient of cash assistance shall be terminated from
3 cash assistance, subject to applicable federal law.

4 (4) If an applicant for or recipient of cash assistance is ineligible for
5 or terminated from cash assistance as a result of a positive test for
6 unlawful use of a controlled substance or controlled substance analog, and
7 such applicant for or recipient of cash assistance is the parent or legal
8 guardian of a minor child, an appropriate protective payee shall be
9 designated to receive cash assistance on behalf of such child. Such parent
10 or legal guardian of the minor child may choose to designate an individual
11 to receive cash assistance for such parent's or legal guardian's minor child,
12 as approved by the secretary for children and families. Prior to the
13 designated individual receiving any cash assistance, the secretary for
14 children and families shall review whether reasonable suspicion exists that
15 such designated individual is unlawfully using a controlled substance or
16 controlled substance analog.

17 (A) In addition, any individual designated to receive cash assistance
18 on behalf of an eligible minor child shall be subject to drug screening at
19 any time when reasonable suspicion exists that such designated individual
20 is unlawfully using a controlled substance or controlled substance analog.
21 The secretary for children and families may use any information obtained
22 by the secretary for children and families to determine whether such
23 reasonable suspicion exists, including, but not limited to, the designated
24 individual's demeanor, missed appointments and arrest or other police
25 records, previous employment or application for employment in an
26 occupation or industry that regularly conducts drug screening, termination
27 from previous employment due to unlawful use of a controlled substance
28 or controlled substance analog or prior drug screening records of the
29 designated individual indicating unlawful use of a controlled substance or
30 controlled substance analog.

31 (B) Any designated individual whose drug screening results in a
32 positive test may request that the drug screening specimen be sent to a
33 different drug testing facility for an additional drug screening. Any
34 designated individual who requests an additional drug screening at a
35 different drug testing facility shall be required to pay the cost of drug
36 screening. Such designated individual who took the additional drug
37 screening and who tested negative for unlawful use of a controlled
38 substance and controlled substance analog shall be reimbursed for the cost
39 of such additional drug screening.

40 (C) Upon any positive test for unlawful use of a controlled substance
41 or controlled substance analog, the designated individual shall not receive
42 cash assistance on behalf of the parent's or legal guardian's minor child,
43 and another designated individual shall be selected by the secretary for

1 children and families to receive cash assistance on behalf of such parent's
2 or legal guardian's minor child.

3 (5) If a person has been convicted under federal or state law of any
4 offense which is classified as a felony by the law of the jurisdiction and
5 which has as an element of such offense the manufacture, cultivation,
6 distribution, possession or use of a controlled substance or controlled
7 substance analog, and the date of conviction is on or after July 1, 2013,
8 such person shall thereby become forever ineligible to receive any cash
9 assistance under this subsection unless such conviction is the person's first
10 conviction. First-time offenders convicted under federal or state law of any
11 offense which is classified as a felony by the law of the jurisdiction and
12 which has as an element of such offense the manufacture, cultivation,
13 distribution, possession or use of a controlled substance or controlled
14 substance analog, and the date of conviction is on or after July 1, 2013,
15 such person shall become ineligible to receive cash assistance for five
16 years from the date of conviction.

17 (6) Except for hearings before the Kansas department for children
18 and families or, the results of any drug screening administered as part of
19 the drug screening program authorized by this subsection shall be
20 confidential and shall not be disclosed publicly.

21 (7) The secretary for children and families may adopt such rules and
22 regulations as are necessary to carry out the provisions of this subsection.

23 (8) Any authority granted to the secretary for children and families
24 under this subsection shall be in addition to any other penalties prescribed
25 by law.

26 (9) As used in this subsection:

27 (A) "Cash assistance" means cash assistance provided to individuals
28 under the provisions of article 7 of chapter 39 of the Kansas Statutes
29 Annotated, and amendments thereto, and any rules and regulations adopted
30 pursuant to such statutes.

31 (B) "Controlled substance" means the same as in K.S.A. 2017 Supp.
32 21-5701, and amendments thereto, and 21 U.S.C. § 802.

33 (C) "Controlled substance analog" means the same as in K.S.A. 2017
34 Supp. 21-5701, and amendments thereto.

35 Sec. 23. K.S.A. 2017 Supp. 58-3974 is hereby amended to read as
36 follows: 58-3974. (a) The provisions of this act shall not apply to any
37 tangible or intangible personal property which is subject to the provisions
38 of K.S.A. 8-1101, 8-1102, 9-1918, 10-815, 17-2206a, ~~17-5564~~, 19-320,
39 47-229, 47-230, 47-232, 47-236 ~~to through~~ 47-239, ~~inclusive~~, 59-514, 59-
40 901 ~~to through~~ 59-905, ~~inclusive~~, 70-101, ~~70-102, 70-103 and through~~ 70-
41 104, and amendments thereto.

42 (b) This act shall not apply to any personal property which is being
43 administered or has been distributed under the provisions of K.S.A. 59-

1 2701 ~~to~~ through 59-2707, ~~inclusive~~, and amendments thereto.

2 (c) This act shall not apply to any patronage dividend or capital credit
3 held or owing by any cooperative association, society or corporation
4 organized under the provisions of K.S.A. 17-1501 et seq., 17-1601 et seq.
5 or 17-4601 et seq., and amendments thereto.

6 (d) This act shall not apply to any patronage dividend or any capital
7 credit held or owing by any public utility which is a member-owned
8 nonprofit corporation organized under the provisions of K.S.A. 17-6001 et
9 seq., and amendments thereto.

10 Sec. 24. K.S.A. 2017 Supp. 75-3036 is hereby amended to read as
11 follows: 75-3036. (a) The state general fund is exclusively defined as the
12 fund into which shall be placed all public moneys and revenue coming into
13 the state treasury not specifically authorized by the constitution or by
14 statute to be placed in a separate fund, and not given or paid over to the
15 state treasurer in trust for a particular purpose, which unallocated public
16 moneys and revenue shall constitute the general fund of the state. Moneys
17 received or to be used under constitutional or statutory provisions or under
18 the terms of a gift or payment for a particular and specific purpose are to
19 be kept as separate funds and shall not be placed in the general fund or
20 ever become a part of it.

21 (b) The following funds shall be used for the purposes set forth in the
22 statutes concerning such funds and for no other governmental purposes. It
23 is the intent of the legislature that the following funds and the moneys
24 deposited in such funds shall remain intact and inviolate for the purposes
25 set forth in the statutes concerning such funds: Board of accountancy fee
26 fund, K.S.A. 1-204 and 75-1119b, and amendments thereto, and special
27 litigation reserve fund of the board of accountancy; bank commissioner fee
28 fund, K.S.A. 9-1703, 16a-2-302, ~~17-5610, 17-5701~~ and 75-1308, and
29 amendments thereto, bank investigation fund, K.S.A. 9-1111b, and
30 amendments thereto, consumer education settlement fund and litigation
31 expense fund of the state bank commissioner; securities act fee fund and
32 investor education and protection fund, K.S.A. 17-12a601, and
33 amendments thereto, of the office of the securities commissioner of
34 Kansas; credit union fee fund, K.S.A. 17-2236, and amendments thereto,
35 of the state department of credit unions; court reporters fee fund, K.S.A.
36 20-1a02, and amendments thereto, and bar admission fee fund, K.S.A. 20-
37 1a03, and amendments thereto, of the judicial branch; fire marshal fee
38 fund, K.S.A. 31-133a and 31-134, and amendments thereto, and boiler
39 inspection fee fund, K.S.A. 44-926, and amendments thereto, of the state
40 fire marshal; food service inspection reimbursement fund, K.S.A. 36-512,
41 and amendments thereto, of the Kansas department of agriculture; wage
42 claims assignment fee fund, K.S.A. 44-324, and amendments thereto, and
43 workmen's compensation fee fund, K.S.A. 74-715, and amendments

1 thereto, of the department of labor; veterinary examiners fee fund, K.S.A.
2 47-820, and amendments thereto, of the state board of veterinary
3 examiners; mined-land reclamation fund, K.S.A. 49-420, and amendments
4 thereto, of the department of health and environment; conservation fee
5 fund and well plugging assurance fund, K.S.A. 55-155, 55-176, 55-609,
6 55-711 and 55-901, and amendments thereto, gas pipeline inspection fee
7 fund, K.S.A. 66-1,155, and amendments thereto, and public service
8 regulation fund, K.S.A. 66-1503, and amendments thereto, of the state
9 corporation commission; land survey fee fund, K.S.A. 58-2011, and
10 amendments thereto, of the state historical society; real estate recovery
11 revolving fund, K.S.A. 58-3074, and amendments thereto, of the Kansas
12 real estate commission; appraiser fee fund, K.S.A. 58-4107, and
13 amendments thereto, and appraisal management companies fee fund of the
14 real estate appraisal board; amygdalin (laetrile) enforcement fee fund,
15 K.S.A. 65-6b10, and amendments thereto; mortuary arts fee fund, K.S.A.
16 65-1718, and amendments thereto, of the state board of mortuary arts;
17 board of barbering fee fund, K.S.A. 65-1817a, and amendments thereto, of
18 the Kansas board of barbering; cosmetology fee fund, K.S.A. 65-1951 and
19 74-2704, and amendments thereto, of the Kansas state board of
20 cosmetology; healing arts fee fund, K.S.A. 65-2011, 65-2855, 65-2911, 65-
21 5413, 65-5513, 65-6910, 65-7210 and 65-7309, and amendments thereto,
22 and medical records maintenance trust fund, of the state board of healing
23 arts; other state fees fund, K.S.A. 2017 Supp. 65-4024b, and amendments
24 thereto, of the Kansas department for aging and disability services; board
25 of nursing fee fund, K.S.A. 74-1108, and amendments thereto, of the board
26 of nursing; dental board fee fund, K.S.A. 74-1405, and amendments
27 thereto, and special litigation reserve fund, of the Kansas dental board;
28 optometry fee fund, K.S.A. 74-1503, and amendments thereto, and
29 optometry litigation fund, of the board of examiners in optometry; state
30 board of pharmacy fee fund, K.S.A. 74-1609, and amendments thereto,
31 and state board of pharmacy litigation fund, of the state board of
32 pharmacy; abstracters' fee fund, K.S.A. 74-3903, and amendments thereto,
33 of the abstracters' board of examiners; athletic fee fund, K.S.A. 2017 Supp.
34 74-50,188, and amendments thereto, of the department of commerce;
35 hearing instrument board fee fund, K.S.A. 74-5805, and amendments
36 thereto, and hearing instrument litigation fund of the Kansas board of
37 examiners in fitting and dispensing of hearing instruments; commission on
38 disability concerns fee fund, K.S.A. 74-6708, and amendments thereto, of
39 the governor's department; technical professions fee fund, K.S.A. 74-7009,
40 and amendments thereto, and special litigation reserve fund of the state
41 board of technical professions; behavioral sciences regulatory board fee
42 fund, K.S.A. 74-7506, and amendments thereto, of the behavioral sciences
43 regulatory board; governmental ethics commission fee fund, K.S.A. 25-

1 4119e, and amendments thereto, of the governmental ethics commission;
2 emergency medical services board operating fund, K.S.A. 75-1514, and
3 amendments thereto, of the emergency medical services board; fire service
4 training program fund, K.S.A. 75-1514, and amendments thereto, of the
5 university of Kansas; uniform commercial code fee fund, K.S.A. 2017
6 Supp. 75-448, and amendments thereto, of the secretary of state; prairie
7 spirit rails-to-trails fee fund of the Kansas department of wildlife, parks
8 and tourism; water marketing fund, K.S.A. 82a-1315c, and amendments
9 thereto, of the Kansas water office; insurance department service
10 regulation fund, K.S.A. 40-112, and amendments thereto, of the insurance
11 department; state fair special cash fund, K.S.A. 2-220, and amendments
12 thereto, of the state fair board; scrap metal theft reduction fee fund, K.S.A.
13 2017 Supp. 50-6,109a, and amendments thereto; and any other fund in
14 which fees are deposited for licensing, regulating or certifying a person,
15 profession, commodity or product.

16 (c) If moneys received pursuant to statutory provisions for a specific
17 purpose by a fee agency are proposed to be transferred to the state general
18 fund or a special revenue fund to be expended for general government
19 services and purposes in the governor's budget report submitted pursuant
20 to K.S.A. 75-3721, and amendments thereto, or any introduced house or
21 senate bill, the person or business entity who paid such moneys within the
22 preceding 24-month period shall be notified by the fee agency within 30
23 days of such submission or introduction:

24 (1) By electronic means, if the fee agency has an electronic address
25 on record for such person or business entity. If no such electronic address
26 is available, the fee agency shall send written notice by first class mail; or

27 (2) any agency that receives fees from a tax, fee, charge or levy paid
28 to the commissioner of insurance shall post the notification required by
29 this subsection on such agency's website.

30 (d) Any such moneys which are wrongfully or by mistake placed in
31 the general fund shall constitute a proper charge against such general fund.
32 All legislative appropriations which do not designate a specific fund from
33 which they are to be paid shall be considered to be proper charges against
34 the general fund of the state. All revenues received by the state of Kansas
35 or any department, board, commission, or institution of the state of
36 Kansas, and required to be paid into the state treasury shall be placed in
37 and become a part of the state general fund, except as otherwise provided
38 by law.

39 (e) The provisions of this section shall not apply to the 10% credited
40 to the state general fund to reimburse the state general fund for accounting,
41 auditing, budgeting, legal, payroll, personnel and purchasing services, and
42 any and all other state governmental services, as provided in K.S.A. 75-
43 3170a, and amendments thereto.

1 (f) Beginning on January 8, 2018, the director of the budget shall
2 prepare a report listing the unencumbered balance of each fund in
3 subsection (b) on June 30 of the previous fiscal year and January 1 of the
4 current fiscal year. Such report shall be delivered to the secretary of the
5 senate and the chief clerk of the house of representatives on or before the
6 first day of the regular legislative session each year.

7 (g) As used in this section, "fee agency" shall include the state
8 agencies specified in K.S.A. 75-3717(f), and amendments thereto, and any
9 other state agency that collects fees for licensing, regulating or certifying a
10 person, profession, commodity or product.

11 Sec. 25. K.S.A. 2017 Supp. 75-3170a is hereby amended to read as
12 follows: 75-3170a. (a) The 10% credit to the state general fund required by
13 K.S.A. 1-204, 9-1703, 16a-2-302, 17-12a601, 17-2236, ~~17-5610, 17-5701,~~
14 ~~20-1a02, 20-1a03, 31-133a, 31-134, 36-512, 44-324, 44-926, 47-820, 49-~~
15 ~~420, 55-155, 55-176, 55-609, 55-711, 55-901, 58-2011, 58-3074, 58-4107,~~
16 ~~65-6b10, 65-1718, 65-1817a, 65-1951, 65-2011, 65-2855, 65-2911, 65-~~
17 ~~4024b, 65-5413, 65-5513, 65-6910, 65-7210, 65-7309, 66-1,155, 66-1503,~~
18 ~~74-715, 74-1108, 74-1405, 74-1503, 74-1609, 74-2704, 74-3903, 74-~~
19 ~~50,188, 74-5805, 74-6708, 74-7009, 74-7506, 75-1119b, 75-1308, 75-~~
20 ~~1514, 84-9-801, and amendments thereto, is to reimburse the state general~~
21 ~~fund for accounting, auditing, budgeting, legal, payroll, personnel and~~
22 ~~purchasing services, and any and all other state governmental services,~~
23 ~~which are performed on behalf of the state agency involved by other state~~
24 ~~agencies which receive appropriations from the state general fund to~~
25 ~~provide such services.~~

26 (b) Nothing in this act or in the sections amended by this act or
27 referred to in subsection (a), shall be deemed to authorize remittances to be
28 made less frequently than is authorized under K.S.A. 75-4215, and
29 amendments thereto.

30 (c) Notwithstanding any provision of any statute referred to in or
31 amended by this act or referred to in subsection (a), whenever in any fiscal
32 year such 10% credit to the state general fund in relation to any particular
33 fee fund is \$100,000, in that fiscal year the 10% credit no longer shall
34 apply to moneys received from sources applicable to such fee fund and for
35 the remainder of such year the full 100% so received shall be credited to
36 such fee fund.

37 Sec. 26. K.S.A. 17-5101, 17-5102, 17-5201, 17-5202, 17-5203, 17-
38 5204, 17-5205, 17-5206, 17-5207, 17-5208, 17-5209, 17-5210, 17-5211,
39 17-5212, 17-5213, 17-5214, 17-5215, 17-5216, 17-5217, 17-5218, 17-
40 5219, 17-5220, 17-5221, 17-5225, 17-5225a, 17-5225b, 17-5225c, 17-
41 5226, 17-5227, 17-5228, 17-5229, 17-5230, 17-5301, 17-5302, 17-5303,
42 17-5304, 17-5305, 17-5306, 17-5307, 17-5308, 17-5309, 17-5310, 17-
43 5311, 17-5312, 17-5313, 17-5314, 17-5315, 17-5316, 17-5317, 17-5318,

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6 5428, 17-5429, 17-5430, 17-5501, 17-5501c, 17-5502, 17-5502a, 17-5503,
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8 5512, 17-5512a, 17-5513, 17-5514, 17-5515, 17-5516, 17-5517, 17-5519,
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16 5572, 17-5601, 17-5602, 17-5603, 17-5604, 17-5605, 17-5606, 17-5607,
17 17-5609a, 17-5611, 17-5612, 17-5613, 17-5614, 17-5615, 17-5616, 17-
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21 17-5640, 17-5641, 17-5642, 17-5643, 17-5644, 17-5645, 17-5702, 17-
22 5703, 17-5704, 17-5705, 17-5706, 17-5801, 17-5802, 17-5803, 17-5804,
23 17-5805, 17-5806, 17-5807, 17-5808, 17-5809, 17-5810, 17-5811, 17-
24 5812, 17-5814, 17-5816, 17-5817, 17-5818, 17-5819, 17-5820, 17-5821,
25 17-5822, 17-5823, 17-5824, 17-5825, 17-5826, 17-5827, 17-5830, 17-
26 5831 and 17-5832 and K.S.A. 2017 Supp. 9-701, 9-808, 9-809, 9-901a, 9-
27 902, 9-903, 9-904, 9-905, 9-906, 9-907, 9-908, 9-910, 9-911, 9-912, 9-
28 1101, 17-5225d, 17-5610, 17-5701, 17-5828, 17-5829, 39-709, 58-3974,
29 75-3036 and 75-3170a are hereby repealed.

30 Sec. 27. This act shall take effect and be in force from and after its
31 publication in the statute book.