

January 25, 2022

The Honorable Jeff Longbine, Chairperson
Senate Committee on Financial Institutions & Insurance
Statehouse, Room 546-S
Topeka, Kansas 66612

Dear Senator Longbine:

SUBJECT: Fiscal Note for SB 334 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 334 is respectfully submitted to your committee.

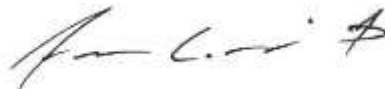
SB 334 would establish procedures for when a technology-enabled fiduciary financial institution (TEFFI) is undercapitalized or insolvent. The bill would define “insolvent” and update other definitions. The bill would add certain instances when the State Banking Board could deny a TEFFI’s application. Under current law, a TEFFI is assessed a fee of \$500,000 when the charter is issued. SB 334 would require the fee to be collected with the application. The bill would amend when assessments are sent from December 1 to July 1 of each year. The Bank Commissioner could require a TEFFI to have additional financial institution bonds, insurance policies, and capital. Under current law, the Banking Board and the Commissioner evaluates the safety and soundness of an institution. SB 334 would require the Board and Commissioner to examine the institution and not evaluate for safety and soundness. The Board and Commissioner would also be required to evaluate profitability, compliance, and information technology systems, policies, and practices. The bill would allow the Board and Commissioner to examine any aspect of an institution.

The bill would also limit a TEFFI’s trust powers to those included in the institution’s activities. The bill clarifies that a TEFFI’s transaction is a sale and not a loan. SB 334 would also allow the Commissioner to adopt rules and regulations to identify potential concentrations of risk. A TEFFI would be required to disclose the information required by rules and regulations to its customers. SB 334 would allow the Commissioner to regulate and examine service companies who contract with a TEFFI. The bill would clarify the opening examination and application

process for a TEFFI to obtain a full charter. The bill would also add TEFFIs to the list of financial institutions that must report evidence of elder abuse. The bill would make technical amendments.

The Office of the State Bank Commissioner and the Department of Revenue state that SB 334 would not have a fiscal effect.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Barbara Albright, Office of the Banking Commissioner