

As Amended by House Committee

As Amended by Senate Committee

Session of 2021

SENATE BILL No. 178

By Committee on Financial Institutions and Insurance

2-9

1 AN ACT concerning financial institutions; relating to the state banking  
2 code; trust companies; providing for charter conversions; amending  
3 K.S.A. 2020 Supp. 9-803, 9-808, 9-809 and 9-1717 and repealing the  
4 existing sections.

5  
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2020 Supp. 9-803 is hereby amended to read as  
8 follows: 9-803. (a) Any bank *or trust company* with articles of  
9 incorporation that have lapsed, or hereafter shall lapse, may renew and  
10 extend the bank's *corporate existence or the trust company's* corporate  
11 existence in the manner provided by law and upon payment of the  
12 requisite fees.

13 (b) The acts of any bank or trust company with articles of  
14 incorporation that have lapsed or terminated by the expiration of time and  
15 such bank's or trust company's corporate existence is renewed and  
16 extended are hereby legalized and declared to be valid in the same manner  
17 and to the same effect as though the banks and trust companies had been  
18 duly authorized at all times since their organization.

19 Sec. 2. K.S.A. 2020 Supp. 9-808 is hereby amended to read as  
20 follows: 9-808. (a) Any national bank, federal savings association or  
21 federal savings bank organized under the laws of the United States and  
22 located in this state may become a state bank *or state trust company* upon  
23 the affirmative vote of not less than  $\frac{2}{3}$  of the institution's outstanding  
24 voting stock or voting interests of members. Any national bank, federal  
25 savings association or federal savings bank desiring to become a state bank  
26 *or state trust company* shall apply to the commissioner for permission to  
27 convert to a state bank *or state trust company* and:

28 (1) Shall submit a transcript of the minutes of the meeting of the  
29 institution's stockholders or voting interests of members showing approval  
30 of the proposed conversion;

31 (2) the name selected for the ~~state bank or trust company~~ shall not be  
32 the name of any other *state bank or state trust company*:

33 (A) Doing business in the same city or town; or

34 (B) within a 15-mile radius of the location of the converted

1 institution;

2 **(3) the name selected for the trust company shall be different or**  
3 **substantially dissimilar from any other trust company doing business**  
4 **in the state.** The name shall be accepted or rejected by the commissioner,  
5 although any *state bank or state trust company* may request exemption  
6 from the commissioner from this paragraph; ~~and and~~

7 ~~**(3) the name selected for the state trust company shall be different**~~  
8 ~~**or substantially dissimilar from any other trust company doing business**~~  
9 ~~**in the state; and**~~

10 **(4)** provide any other information required in the application form  
11 prescribed by the commissioner.

12 (b) A federal savings association or federal savings bank operating in  
13 a mutual form and seeking to become a stock bank must also convert to a  
14 stock form prior to converting to a state bank and shall submit appropriate  
15 documentation to the commissioner to show that the appropriate federal  
16 regulator has approved such mutual to stock conversion.

17 (c) Upon receipt of each of the items required by this section the  
18 commissioner shall make or cause to be made such investigation as the  
19 commissioner deems necessary to determine whether:

20 (1) All state and federal requirements for a conversion have been  
21 satisfied;

22 (2) the conversion or the financial condition of the bank *or trust*  
23 *company* will not adversely affect the interests of the depositors;

24 (3) the resulting state bank *or state trust company* will have an  
25 adequate capital structure in accordance with K.S.A. 9-901a et seq., and  
26 amendments thereto; and

27 (4) the competence, experience or integrity of the proposed  
28 management personnel indicates that approving the conversion would be  
29 in the interest of the depositors of the bank *or trust company* and in the  
30 interest of the public.

31 (d) If the commissioner determines each of the matters in subsection  
32 (c) favorably, the conversion shall be approved, and the commissioner  
33 shall issue a certificate of authority. Upon issuance of a certificate of  
34 authority, the articles of incorporation, duly executed as required by the  
35 Kansas corporate code, shall be filed with the Kansas secretary of state's  
36 office.

37 (e) In any conversion authorized by this section, the resulting state  
38 bank *or state trust company* by operation of law shall continue all trust  
39 functions being exercised by the national bank, federal savings association  
40 or federal savings bank and shall be substituted for the national bank,  
41 federal savings association or federal savings bank and shall have the right  
42 to exercise trust or fiduciary powers created by any instrument designating  
43 the national bank, federal savings association or federal savings bank, even

1 though such instruments are not yet effective.

2 (f) In any conversion authorized by this section, the resulting state  
3 bank *or state trust company* shall succeed by operation of law without any  
4 conveyance or transfer by the act of the national bank, federal savings  
5 association or federal savings bank to all the actual or potential assets, real  
6 property, tangible personal property, intangible personal property, rights,  
7 franchises and interests, including those in a fiduciary capacity of the  
8 national bank, federal savings association or federal savings bank and shall  
9 be subject to all of the liabilities of the national bank, federal savings  
10 association or federal savings bank.

11 (g) In any conversion authorized by this section the corporate  
12 existence of the national bank, federal savings association or federal  
13 savings bank shall be continued in the resulting state bank *or state trust*  
14 *company*, and the resulting state bank *or state trust company* shall be  
15 deemed to be the identical corporate entity as the national bank, federal  
16 savings association or federal savings bank.

17 (h) Within a reasonable time after the effective date of the conversion,  
18 the resulting state bank *or state trust company* shall divest all assets and  
19 liabilities that do not conform to state banking laws and rules and  
20 regulations. The length of this transition period shall be determined by the  
21 commissioner.

22 Sec. 3. K.S.A. 2020 Supp. 9-809 is hereby amended to read as  
23 follows: 9-809. (a) Any state bank *or state trust company* may convert to a  
24 national bank, federal savings and loan association or federal savings bank  
25 upon the affirmative vote of not less than  $\frac{2}{3}$  of the bank's outstanding  
26 voting stock or members.

27 (b) The state bank *or state trust company* shall provide a copy of the  
28 application submitted to the comptroller of currency to the commissioner  
29 within 10 days after the date the state bank *or state trust company* applies  
30 for approval to convert to a national banking association, federal savings  
31 and loan association or federal savings bank from the office of the  
32 comptroller of the currency.

33 (c) The state bank *or state trust company* shall provide to the  
34 commissioner written notice of approval by the comptroller of currency to  
35 convert to a national bank, federal savings and loan association or federal  
36 savings bank within 10 days of receiving the approval.

37 (d) Within 15 days following the issuance of a charter certificate to  
38 the bank *or trust company* by the comptroller, the *state bank or state trust*  
39 *company* shall surrender its state certificate of authority or charter and  
40 shall certify in writing that notice of the conversion has been given to the  
41 Kansas secretary of state's office.

42 Sec. 4. K.S.A. 2020 Supp. 9-1717 is hereby amended to read as  
43 follows: 9-1717. (a) Except with the written consent of the commissioner,

1 no person shall serve as a director, officer or employee of a *state bank or*  
2 *state trust company* who has been convicted, or who is hereafter convicted,  
3 of any felony or any crime involving dishonesty or a breach of trust.

4 (b) Any *state bank* ~~which~~ *or state trust company* that willfully  
5 violates subsection (a), shall be deemed guilty of a misdemeanor and upon  
6 conviction shall be punished by a fine of \$1,000 for each day the violation  
7 continues.

8 Sec. 5. K.S.A. 2020 Supp. 9-803, 9-808, 9-809 and 9-1717 are hereby  
9 repealed.

10 Sec. 6. This act shall take effect and be in force from and after its  
11 publication in the statute book.