

MINUTES OF THE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE

The meeting was called to order by Chairperson Senator Ruth Teichman at 9:30 a.m. on 03-19-03 in Room 234-N of the Capitol.

All members were present except:

Committee staff present: Ken Wilke, Office of the Revisor of Statutes
Dr. Bill Wolff, Kansas Legislative Research Department
Marlene Putnam, Committee Secretary

Conferees appearing before the committee: Chuck Stones, Ks. Banking Assoc.
Sonya Allen, General Counsel, Office of the State Bank
Commissioner

Others attending: See attached list

Senator Teichman called on Dr. Wolfe to review **HB 2224**. He related that it amends **KSA 9-1101**. That is the basic statute in the Kansas Banking Code that authorizes banks to do certain things. It's their power section. Generally it has been understood that if it is not in this statute, they can't do it, and that's why you see all those enumerated items there through page 7. On page 7 adding a new paragraph 30 to authorize banks to purchase or hold annuities for the sole purpose of funding an employees deferred compensation and benefit plan.

Chuck Stones, Kansas Banking Association, explained why this bill is necessary. (See attachment 2)

Sonya Allen, General Counsel for the Office of the State Bank Commissioner, explained that **HB 2224** would amend the powers section of the State Banking Code, KSA 9-1101 and allow a state bank to invest in an annuity to fund a deferred compensation plan for its employees. (See attachment 1)

She also offered an amendment to **HB 2224**. The amendment is being proposed to address an issue that has recently arisen. When agencies want to adopt administrative regulations, part of the process of adoption is review of the regulation by the Attorney General's office. One of our regulations K>A>R> 17-11-18, sets out certain things a bank must do prior to making a loan. I have been able to determine that a regulation in substantially this same form that has been in existence since at least 1937. While the Attorney General's office is not questioning the wisdom of imposing such requirements, they have determined and communicated to our agency in a letter dated March 6, 2003, that our agency lacks the statutory authority to impose any of the requirements in the regulation. We believe that the amendment clarifies the power of the commissioner to implement regulations, and states the general purpose for such regulations. (See attachment 3)

Dr. Wolfe explained what this amendment is doing.

Senator Buhler moved to accept the amendment, seconded by Senator Salmans. Senator Steineger moved to pass out the bill favorably, seconded by Senator Buhler. Bill passed out favorably.

Minutes approved

Meeting adjourned.