

## REPORTS OF STANDING COMMITTEES

MADAM PRESIDENT:

The Committee on **Financial Institutions and Insurance** recommends **SB 259** be amended on page 1, following line 6, by inserting:

"Section 1. K.S.A. 2019 Supp. 17-2205 is hereby amended to read as follows: 17-2205.

(a) (1) The membership shall consist of the organizers and such persons, societies, associations, copartnerships and corporations as have been duly elected to membership and have subscribed to one or more shares and have paid for the same, and have complied with such other requirements as the articles of incorporation may contain.

(2) Once a person becomes a member of the credit union, such person may remain a member of the credit union until the person chooses to withdraw or is expelled from the membership of the credit union.

(3) Members of a credit union also may include the following:

(A) The spouse of any person who died while such person was within the field of membership of the credit union;

(B) any employee of the credit union;

(C) any person who retired from any qualified employment group within the field of membership;

(D) any person of a volunteer group recognized by the management of the association or employee group within the field of membership and such person: (i) Has completed a training program offered by the volunteer group to further its goals; (ii) serves on the board of the volunteer group; or (iii) serves as an officer of the volunteer group;

(E) any member of such person's immediate family or household;

(F) any organization whose membership consists of persons within the field of membership;

and

(G) any corporate or other legal entity within the field of membership as identified in the charter, articles of incorporation or bylaws of the credit union.

(4) For the purposes of ~~subparagraph (E)~~ of paragraph (3)(E):

(A) Except as provided in subparagraph (B), the term "immediate family or household" ~~shall mean~~ means spouse, parent, stepparent, grandparent, child, stepchild, sibling, grandchild or former spouse and persons living in the same residence maintaining a single economic unit with persons within the credit union's field of membership.

(B) If the credit union's bylaws adopted a definition of immediate family before June 30, 2008, the credit union may use that definition. A credit union may adopt a more restrictive definition of immediate family or household.

(C) If authorized in the credit union's bylaws, a member of the immediate family or household is eligible to join even when the eligible member has not joined the credit union.

(b) (1) Credit union organizations shall be limited to:

(A) A group having a single common bond of occupation or association;

(B) a group having multiple common bonds of occupation or association or any combination thereof. No such group shall have a membership of more than 3,000 except as permitted in ~~subsections~~ subsection (c) or (d); or

(C) persons residing, working or worshipping in or organizations located within a geographic area.

(2) A common bond of occupation may include employees of the same employer, workers under contract with the same employer, businesses paid by the same employer on a continuing basis or

employees in the same trade, industry or profession.

(3) A common bond of association may include members and employees of a recognized association as defined in such association's charter, bylaws or other equivalent document.

(c) A credit union ~~which that~~ chooses to be limited as provided in ~~subparagraph (C) of paragraph (1)~~ of subsection (b)(1)(C) may include one or more common bonds of occupation or one or more common bonds of association or any combination thereof with no limitation on the number of members, if the employer or association is located in the geographic area of the credit union.

(d) A group formed with multiple common bonds of occupation or association may exceed 3,000 members if the administrator determines in writing that such group could not feasibly or reasonably establish a new single common bond credit union because the group:

(1) Lacks sufficient volunteer and other resources to support the efficient and effective operation of a credit union;

(2) does not meet the criteria established by the administrator indicating a likelihood of success in establishing and managing a new credit union, including demographic characteristics such as geographical location of members, diversity of ages and income levels, and other factors that may affect the financial viability and stability of a credit union; or

(3) would be unlikely to be able to operate in a safe and sound manner.

(e) (1) A geographic area may include:

(A) A single political jurisdiction;

(B) multiple contiguous political jurisdictions if the aggregate total of the population of the geographic area does not exceed 500,000, ~~except as provided in subparagraph (C) or in subsections (i), (j), (k) and (l); or~~

~~(C) if the headquarters of the credit union is located in a MSA, the geographic area may include one or more political jurisdictions which share a common border to the MSA if the aggregate~~

~~total of the population of the geographic area does not exceed 1,000,000. The maximum population available for any credit union whose headquarters is located within a MSA shall be adjusted by the administrator based upon the population data for the largest MSA in the state of Kansas, or any portion thereof located within the state of Kansas. The maximum population available for any credit union whose headquarters is located within a MSA shall be determined by multiplying the population of the largest MSA in the state of Kansas, or that portion of such MSA located within the state of Kansas if the boundaries of such MSA extend outside the state of Kansas, as determined by the most recent population data, by the fraction having a numerator of 1,000,000 and a denominator of 750,000 for the purposes of this section, the administrator shall use population data based upon the adjusted federal census information presented to the legislature by the secretary of state pursuant to K.S.A. 11-304, and amendments thereto~~ 2,500,000, as determined by official state population figures for the state of Kansas, or any portion thereof, that are identical to the decennial census data from the actual enumeration conducted by the United States bureau of the census and used for the apportionment of the United States house of representatives in accordance with K.S.A. 11-304, and amendments thereto.

(2) ~~Except as provided in subsections (i), (j), (k) and (l), from and after July 1, 2008, No geographic area shall consist of any congressional district or the entire state of Kansas.~~

(f) (1) ~~Except as provided in subsections (i), (j), (k) and (l), from and after July 1, 2008, No credit union shall change or alter its field of membership except as provided in this section. Before a credit union can alter or change its field of membership, such credit union shall file, or cause to be filed, with the administrator, an application for amendment to its field of membership. The application shall include:~~

(A) Documentation showing that the proposed area or groups to be served meets the statutory requirements for field of membership set forth in this statute;

(B) pro forma financial statements for the first two years after the proposed alteration of or

change in field of membership, including any assumption regarding growth in membership, shares, loans and assets;

(C) a marketing plan addressing how the proposed field of membership will be served;

(D) the financial services to be provided to the credit union's members;

(E) a local map showing the location of both current and proposed headquarters and branches;

and

(F) the anticipated financial impact on the credit union in terms of need for additional employees and fixed assets.

(2) (A) The application shall also include a proof of publication of the notice that the affected credit union intends to file or has filed an application to alter or change its field of membership. Such notice shall be in the form prescribed by the administrator and shall at a minimum contain the name and address of the applicant credit union and a description of the proposed alteration of or change in the field of membership.

(B) The notice shall be published for two consecutive weeks in the Kansas register. The required publications shall occur within 60 days of and prior to the effective date of the proposed change. The applicant shall provide proof of publication to the administrator.

(g) For the purposes of this section:

~~(1) "MSA" means a metropolitan statistical area as defined by the United States department of commerce which has more than one county located in Kansas. If the boundaries of such MSA extend outside the state of Kansas only that portion of such MSA located within the state of Kansas shall be considered for the purposes of this section.~~

~~(2) "political jurisdiction" means a city, county, township or clearly identifiable neighborhood.~~

~~(3) "Population data" means official state population figures for the state of Kansas, or any~~

~~portion thereof, which are identical to the decennial census data from the actual enumeration conducted by the United States bureau of the census and used for the apportionment of the United States house of representatives in accordance with K.S.A. 11-304, and amendments thereto.~~

~~(h) No increase in the population reflected by the population data shall require a modification to a field of membership as in existence on June 30, 2008.~~

~~(i) Notwithstanding any other provisions of this section, any person, including any member of such person's immediate family or household, or organization that is a member of any credit union which was in existence on June 30, 2008, may continue to be a member of such credit union after such date. For the purposes of this subsection, if the term "member" refers to an individual, the term member may include any other person who is a member of such individual's immediate family or household as specified in subsection (a).~~

~~(j) (1) Notwithstanding any other provisions of this section:~~

~~(A) Any branch of a credit union that is in existence as of February 1, 2008, may continue to operate in the county where it is located on and after June 30, 2008. If such branch is unable to continue operations due to a natural disaster, eminent domain proceedings, loss of lease, loss of sponsor space or any condition outside of the control of the credit union, the credit union may establish a replacement branch in that county.~~

~~(B) Any credit union which has taken an overt step toward the construction of a new building, facility or branch on or before February 1, 2008, may continue to construct and operate the new building, facility or branch in the city in which such new building, facility or branch is located even if the construction is not completed on or before June 30, 2008. If such branch is unable to continue operations due to a natural disaster, eminent domain proceedings, loss of lease, loss of sponsor space or any condition outside of the control of the credit union, the credit union may establish a replacement branch in that city.~~

~~(2) For the purposes of this subsection, the term "overt act" includes the:~~

~~(A) Purchase of or entering into a contract for the purchase of any necessary tract of land for the location of such new building, facility or branch of an existing credit union.~~

~~(B) Acquisition or lease of a building for the purpose of housing a new facility or branch of an existing credit union.~~

~~(C) Adoption of architectural drawings for the construction of a new building, facility or branch of an existing credit union.~~

~~(D) Adoption of architectural drawings for the renovation of an existing building for use as a facility or branch of an existing credit union.~~

~~(k) Notwithstanding any other provisions of this section, a member of any occupation or association group whose members constituted a portion of the membership of any credit union as of February 1, 2008, shall continue to be eligible to become a member of that credit union, by virtue of membership in that group on and after June 30, 2008. For purposes of this subsection, a patron of an organization is eligible for membership if such patron is an individual who uses the products and services of the organization which is included in the field of membership of the credit union at the time the patron applies for membership in the credit union.~~

~~(l) Notwithstanding any other provisions of this section, any credit union:~~

~~(1) Which has been granted a field of membership on or before February 1, 2008, which includes the entire state of Kansas or its residents shall, on or before January 1, 2009, adopt a field of membership that may include multiple contiguous political jurisdictions having an aggregate total population not to exceed 1,000,000. The population of the county of any branch of such credit union not located within the adopted field of membership shall not be included in the 1,000,000 population total. Any credit union with its headquarters located in a county that is not part of a MSA shall not include more than one MSA in its entirety in its adopted field of membership.~~

~~(2) With its headquarters located within a MSA as of February 1, 2008, may continue to include multiple contiguous political jurisdictions that were included in its field of membership as of February 1, 2008, if the aggregate total population of such multiple contiguous political jurisdictions does not exceed 1,000,000. If the field of membership of any credit union involves multiple contiguous political jurisdictions that have an aggregate total population that exceeds 1,000,000 as of February 1, 2008, then such credit union shall, on or before January 1, 2009, adopt a field of membership that may include multiple contiguous political jurisdictions having an aggregate total population which does not exceed 1,000,000. The population of the county of any branch of such credit union not located within the adopted field of membership shall not be included in the 1,000,000 population total.~~

~~(3) With headquarters located in a county that is not part of a MSA may continue to include multiple contiguous political jurisdictions that were included in its field of membership as of February 1, 2008, if the aggregate total population of such multiple contiguous political jurisdictions does not exceed 1,000,000 population total. If the field of membership of any credit union involves multiple contiguous political jurisdictions that have an aggregate total population that exceeds 1,000,000 as of February 1, 2008, then such credit union shall, on or before January 1, 2009, adopt a field of membership that may include multiple contiguous political jurisdictions having an aggregate total population which does not exceed 1,000,000 population total. The population of the county of any branch of such credit union not located within the adopted field of membership shall not be included in the 1,000,000 population total. The adopted field of membership of such credit union shall not include more than one MSA in its entirety.";~~

On page 2, in line 1, after "loans" by inserting "attributed to Kansas"; in line 2, after "loans" by inserting "attributed to Kansas"; in line 4, after "indebtedness" by inserting "attributed to Kansas and"; in line 10, after "in" by inserting "Kansas, in"; in line 15, after "loans" by inserting "attributed to Kansas"; in line 19, after "loans" by inserting "attributed to Kansas"; in line 25, by striking "is" and

inserting "and K.S.A. 2019 Supp. 17-2205 are";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking "taxation" and inserting "financial institutions"; also in line 1, by striking "privilege tax" and inserting "credit unions, field of membership"; in line 2, by striking the semicolon and inserting ", privilege tax,"; in line 4, after "and" by inserting "K.S.A. 2019 Supp. 17-2205"; also in line 4, by striking "section" and inserting "sections"; and the bill be passed as amended.

\_\_\_\_\_Chairperson