

SESSION OF 2005

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2098

As Recommended by House Committee on
Financial Institutions

Brief*

HB 2098 concerns the trust authority of banks. The bill provides that banks be allowed to act as trustees of both Medical Savings Accounts (MSAs) and Health Savings Accounts (HSAs) without a special permit, if investments are limited in time or savings deposits in the bank. Under current law, banks are permitted to act as trustees, without a special permit, for Individual Retirement Accounts (IRAs) and 401(k) trusts. The bill would be effective upon publication in the *Kansas Register*.

Background

HB 2098 was requested by the Office of the State Bank Commissioner to allow banks to offer MSAs and HSAs without obtaining trust powers from the Bank Commissioner. Office staff indicated that the bank's administrative responsibilities are similar to those of IRAs, which banks are allowed to offer without special permit. The bill was also supported by the Kansas Bankers Association whose representative indicated that the federal act that established HSAs specified that any bank can serve as a HSA trustee, without regard to trust powers and that at present, nationally chartered banks are offering accounts without permit.

The fiscal note from the Division of the Budget indicates that the passage of the bill would have a negligible effect on operations of the Office of the State Bank Commissioner. Staff time and expense is anticipated to decrease since the agency would be processing fewer applications for special permits.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>