



Date: March 6, 2023

To: House Committee on Financial Institutions and Pensions
Representative Nick Hoheisel, Chair

From: Kelly VanZwoll, Assistant Vice President – Government Relations & Staff Attorney
Kansas Bankers Association

Re: Verbal Neutral Testimony for HB 2247

Dear Chairman Hoheisel and Members of the Committee:

I am Kelly VanZwoll appearing on behalf of the Kansas Bankers Association (KBA), organized in 1887 and whose membership includes 98% of the 220 banks and savings & loans headquartered in Kansas. Our membership also includes 20 out-of-state commercial banks operating in Kansas. The Kansas banking industry employs more than 22,000 Kansans that provide financial services in every county across the state. Our organizational mission statement is:

"Together, we support our member banks and bankers with leadership, advocacy, and education to benefit the communities and customers they serve."

Thank you for the opportunity to provide testimony on **HB 2247**. This bill would expand the current minor account statute to include a prohibition on banks from requiring a co-signer on a deposit account for minors 16 years of age and older who are in the custody of the Secretary for Children and Families, a federally recognized Indian tribe in Kansas, or the Secretary of Corrections. It states that the minor will be responsible for all banking costs or penalties associated with the deposit account. We view this bill introduction as an opportunity to strengthen the current Kansas minor account statute. We appreciate the introducing party's efforts to work with us on this bill and with the inclusion of a few amendments we would be supportive of this legislation.

Generally speaking, Kansas law has historically provided minors with a right to void a contract within a reasonable period of time after obtaining the age of majority. However, also under Kansas law a bank is permitted to establish a deposit account in the minor's own name. However, if a minor enters into a deposit account contract with a bank, it is unclear as to whether Kansas law permits that minor to disaffirm that contract.

If the minor has the ability to void these agreements, it could result in the minor disaffirming his or her obligation to pay agreed-upon fees for the deposit account. For this reason, banks often either refuse to open accounts for minors, or they require an adult cosigner or co-owner to be responsible for the fees assessed on the account if the minor disaffirms.

Ultimately, this new language would clarify that deposit accounts created with minors are not voidable and that the minor is liable for all associated banking costs. The amendment would also add language stating that any person, including a minor, could open a safe deposit box and that the minor would be bound by the terms of the agreement.

I have included a potential draft of this language to the last page of my testimony. These amendments would preserve the concept of the introducing party's language, that children in the custody of state who open these accounts will not need a co-signer to open the account, while strengthening the rest of the minor account statute.

Thank you for your time and attention. We respectfully request that when the Committee takes action on **HB 2247**, it considers our friendly amendments. If, at a later time, you have questions or require additional information, please get in touch with me at kvanzwooll@ksbankers.com or (785) 232-3444.

HOUSE BILL No. 2247

By Committee on Financial Institutions and Pensions

AN ACT concerning minors; related to children in the custody of the secretary; prohibiting banks from requiring a cosigner for an account of a child in the custody of the secretary; amending K.S.A. 9-1204 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 9-1204 is hereby amended to read as follows: 9-1204. ~~(a) Any bank may receive deposits from minors or in the name of minors and pay the same upon the order of such minors whether or not such minors are emancipated. Payments so made shall discharge the bank from any further liability on the account.~~

(1) All persons, regardless of age, may become depositors in any bank and shall be subject to the same duties and liabilities respecting their deposits. Whenever a deposit is accepted by any bank in the name of any person, regardless of age, the deposit may be withdrawn by the depositor by any of the following methods:

(a) Check or other instrument in writing. The check or other instrument in writing constitutes a receipt or acquittance if the check or other instrument in writing is signed by the depositor and constitutes a valid release and discharge to the bank for all payments so made; or

(b) Electronic means through:

(i) Preauthorized direct withdrawal;

(ii) An automatic teller machine;

(iii) A debit card;

(iv) A transfer by telephone;

(v) A network, including the Internet; or

(vi) Any electronic terminal, computer, magnetic tape, or other electronic means.

(2) Any bank that accepts deposits from minors 16 years of age or older in the custody of the secretary for children and families, a federally recognized Indian tribe in this state or the secretary of corrections may not require a cosigner or the funds to be deposited with the consent of the custodian. Such minor shall be responsible for banking costs or penalties associated with such deposits. The secretary, or their designee, or any foster or biological parent shall not be responsible for banking costs or penalties associated with such deposits.

(3) All persons, individually or with others and regardless of age, may enter into an agreement with a bank for the lease of a safe deposit box and shall be bound by the terms of the agreement.

(4) This section shall not be construed to affect the rights, liabilities, or responsibilities of participants in an electronic fund transfer under the federal Electronic Fund Transfer Act, 15 U.S.C. 1693 et seq., as such act existed on July 1, 2024, and shall not affect the legal relationships between a minor and any person other than the bank.

Sec. 2. K.S.A. 9-1204 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.