



Trust Division

A DIVISION of KBA

Date: February 5, 2024

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

**From: Joe Karnes, Vice President and Trust Officer, CTFA
Legislative Representative, Trust Division of Kansas Bankers Association**

Re: Written Proponent Testimony for HB 2560

Mr. Chairman and committee members, I am Joe Karnes providing this testimony on behalf of the Trust Division of the Kansas Bankers Association. The Trust Division of the KBA has been working to support Kansas trust companies, trust divisions, and banks for more than 100 years. We thank you for the opportunity to provide testimony in support of HB 2560 which will modernize Kansas trust and probate law. We are supportive of the proposed changes to clean up some trust related provisions of the banking code and make Kansas Banks and Trust Companies more competitive.

This bill would make it easier for Kansas banks and trust companies to buy out of state trust business. Currently under Kansas law, the trust company selling the business must be headquartered in Kansas (the originating trustee). The other trust company or bank (the contracting trustee) can be headquartered in any other state. The goal of this bill would be to change that requirement and allow either party to have its principal place of business in the state. This change would make it a cleaner process for a Kansas bank or trust companies to buy and transfer out of state fiduciary accounts to a Kansas bank or trust company. Many of our surrounding states have a legal mechanism like this to transfer these accounts.

This bill will also give the banking division of the Office of the State Bank Commissioner (OSBC) the authority to abandon an application that is not complete or not timely acted upon. This will reduce the amount of time and effort the OSBC spends on pending applications and allows them to close the application process without having to resort to a denial. The application will still have the ability to re-apply at a later time. This legislation takes into consideration banks or trust companies that have dormant trust powers and would not affect their authority. We appreciate the OSBC's work on this legislation and their efforts to keep our banking code up to date.

Thank you for the opportunity to provide written proponent testimony on HB 2560. When the Committee considers acting on this legislation, we respectfully ask for favorable consideration.

Mr. Chairman, if you or any committee member have questions or require additional information, please contact me at joeka@centralnational.com or 785-838-1962.