

SESSION OF 2004

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2580

As Amended by House Committee on
Financial Institutions

Brief*

HB 2580, as amended, amends the section of banking law that prescribes the power of banks to carry on the business of banking. The bill authorizes a bank to invest up to 25 percent of its capital in investment securities which are evidences of indebtedness. Current law limits such investments to 15 percent of capital.

The House Committee amended the bill to change the effective date to publication in the *Kansas Register*.

Background

HB 2580 was requested by the Kansas Bankers Association, whose representative explained that raising the investment limit in securities of indebtedness to 25 percent brings that limit to the same level as the lending limit currently authorized for Kansas banks. The increase in the investment authority may allow banks greater participation in the purchase of industrial revenue bonds (investment securities), which are an important economic development tool for many Kansas communities.

*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>