

SESSION OF 2007

SUPPLEMENTAL NOTE ON SENATE BILL NO. 197

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 197 would amend the list of agencies, boards, and commissions that are exempted from utilizing the Office of Administrative Hearings within the Department of Administration (for hearings held in accordance with the Kansas Administrative Procedure Act) to include the Office of the State Bank Commissioner (OSBC). Under the bill, the OSBC would be permitted to conduct its own administrative hearings after July 1, 2009. Current law permits the State Banking Board to conduct its own hearings after July 1, 2009.

Background

SB 197 was requested by the Office of the State Bank Commissioner whose representative indicated that the agency believes that the bill reflects the original intent of the administrative hearing law when it was drafted. The representative noted that the State Banking Board, currently exempted under the law, hears appeals from the decisions of the Commissioner on a number of application and licensing issues, but for other laws the agency enforces, the appeal is to the Commissioner or the Administrator of the Kansas Uniform Consumer Credit Code (UCCC), rather than the Banking Board. The bill was supported by the Kansas Association of Mortgage Brokers.

The fiscal note prepared by the Division of the Budget indicates that currently the Office of the State Bank Commissioner contracts with a hearing officer to perform all of the agency's administrative hearings, at a rate of \$85 per hour. The agency indicates that its hearing officer is experienced in the area of lending laws and therefore is able to conduct hearings in an efficient manner. Although, the note continues, the Office of Administrative Hearings (OAH) currently charges \$70 per hour to conduct hearings, the Office of the State Bank Commissioner

*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>

indicates that it may take the OAH substantially longer to conduct the hearings due to the complexity of lending laws, which could increase the cost. The Office of the State Bank Commissioner, however, is unable to estimate a precise fiscal effect if it were required to use the OAH to conduct its hearings. The Department of Administration indicates the bill would not affect the current staff or expenditures of the OAH, because the OAH currently does not hold hearings for the Office of the State Bank Commissioner.