

SESSION OF 2009

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 72**

As Amended by House Committee on  
Financial Institutions

**Brief\***

SB 72, as amended, would amend provisions pertaining to the field of membership in Kansas-chartered credit unions to specify that a person who is a member of a credit union would remain a member of the credit union until the person chooses to withdraw or is expelled from the membership of the credit union. The bill also would expand upon the list of who may be a member of a credit union to include:

- Spouses of persons who died while such person was within the field of membership of the credit union;
- Employees of the credit union;
- Persons who retired from any qualified employment group within the field of membership;
- Persons from a volunteer group recognized by the management of the association(s) or employee group(s) within the field of membership who have completed a specified training program, serve on the board of the volunteer group, or serve as an officer of the group;
- Members of the credit union member's immediate family or household;
- Organizations whose membership consists of persons within the field of membership; and

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\*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>

- Corporate or other legal entities within the field of membership identified in the charter, articles of incorporation, or the bylaws of the credit union.

The bill would define the term “immediate family or household” to mean spouse, parent, stepparent, grandparent, child, stepchild, sibling, grandchild or former spouse and persons living in the same residence maintaining a single economic unit with persons within the credit union’s field of membership. The bill also would allow credit unions whose bylaws adopted a definition of “immediate family” prior to June 30, 2008, to use that previously adopted definition. A credit union would be permitted to adopt a more restrictive definition of “immediate family or household.”

The bill also would create an allowance for a credit union to establish a replacement branch (for branches grandfathered under the 2008 law) if the branch is unable to continue operations as a result of a condition outside of its control. The conditions specified in the bill would include natural disaster, eminent domain proceedings, loss of lease, loss of sponsor space or any other condition outside of the control of the credit union.

## **Background**

The bill was introduced at the request of the Kansas Credit Union Association whose representative indicated that the compromise language adopted during the 2008 Session did not fully capture the intent of the agreed-upon compromise between the banking and credit union industries and two components, membership eligibility and the replacement of grandfathered branches, required clarification. The Credit Union Administrator testified in support of the bill at the Committee hearing and requested an amendment. The Kansas Cooperative Council submitted written testimony in support of the bill. The Kansas Bankers Association testified as a neutral party, indicating the association was in agreement with the language contained in the proposed legislation.

The Senate Committee on Financial Institutions and Insurance recommended amendments to clarify the membership eligibility provisions for volunteers and corporate entities and to establish a singular definition for “immediate family and household.” The amendments were requested by the Kansas Credit Union Association and Senator Brownlee.

The House Committee on Financial Institutions recommended an amendment to further clarify the eligibility provision for volunteers. The amendment was requested by the Kansas Credit Union Association.

The fiscal note prepared by the Division of the Budget on the original bill states that, according to the Kansas Department of Credit Unions, the bill would have no fiscal effect on its operating expenditures.