

SESSION OF 2010

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2608**

As Amended by Senate Committee on  
Financial Institutions and Insurance

**Brief\***

HB 2608, as amended, would amend a provision in the Banking Code governing the assessment on state-chartered banks and trust companies to:

- Specify that an assessment may be collected by the Bank Commissioner as needed in such installment periods as the Commissioner deems appropriate. The installment periods are limited under the bill to a frequency of at least monthly;
- Specify that when an invoice for the assessment has been issued by the Commissioner, payment is due within 15 days of the date of the invoice; and
- Allow the Commissioner to impose a penalty on the annual assessment when the payment is 15 days or more past due; the penalty established under the current law is in the amount of \$50 per day.

Additionally, the bill would provide for the reimbursement to the Office of the State Bank Commissioner the amount of expenses incurred and the cost of services performed by the agency on account of any bank, trust department, trust company, or other corporation which is outside the normal expenses of an examination [required under KSA 9-1701 or 17-5612]. The bill also would specify requirements for the payment of an assessment where a merger, consolidation, or purchase

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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>

and assumption has occurred; the assessment is to be based on the value of the assets of all institutions involved with the merger, consolidation, or assumption.

Under current law, the annual assessment, made on the fiscal-year basis in July, is collected biannually, with payments due on July 15 and January 15.

### **Background**

The bill was introduced by the House Committee on Financial Institutions. A representative of the Office of the State Bank Commissioner testified in support of the bill, stating that changes to the assessment collection method would help the agency manage its money more suitably, only collecting the necessary funds for the operation of the agency when the timing is appropriate. The representative also stated that the agency is fee-funded, with the only source of revenue coming from these assessments (Division of Banking). A representative of the Kansas Bankers Association testified in support of the bill and stated that the association did not anticipate any additional cost associated with the more frequent collection of assessments, in light of the fact that the process is electronic. Written testimony in support of the bill was submitted by the Community Bankers Association of Kansas. There were no opponents present at the Committee hearing.

The Senate Committee on Financial Institutions and Insurance recommended technical amendments to the bill. The amendments were suggested by Committee staff.

The fiscal note prepared by the Division of the Budget states that according to the Office of the State Bank Commissioner, passage of the bill would allow the agency to increase the frequency of the assessment collection periods, which would give the agency additional flexibility in the management of its accounts. However, the bill would not affect the overall amount of revenue collected by the agency. The agency also indicates that the bill would require additional

expenses to upgrade its current software system to allow for invoicing and collections on a more frequent basis and for additional staff time to manage the assessment process. These costs, the note concludes, are estimated to be negligible and could be absorbed within existing resources.