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Testimony to the Senate Committee on Financial Institutions & Insurance on SB 139 February 11, 2025

The Office of the State Bank Commissioner (OSBC) appreciates this committee holding a hearing on SB 139, which amends the State Banking Code. The most important changes in this bill are from Sections 7 through 9 and affect trust companies.

Section 7 amends K.S.A. 9-2107 which will allow an originating trustee to transfer fiduciary assets to a contracting trustee without written action by the originating trustee's board of directors or proof of publication in a newspaper provided less than 50% of the originating trustee's fiduciary assets are transferred. We believe that a top ten asset size bank will utilize this amendment to transfer fiduciary assets to a Kansas trust company.

Currently, K.S.A. 9-2108 grants the Commissioner the authority to waive application requirements when a trust company relocates a trust service office up to one mile. Section 8 amends K.S.A. 9-2108 which increases the distance requirement from one mile to ten miles.

Section 9 amends K.S.A. 9-2111 to ensure that out of state trust companies doing business in Kansas adhere to the same requirements as a Kansas trust company doing business in its home state if such requirements are stricter than the Banking Code.

Section 3 amends K.S.A. 9-1114 to establish timelines on when a bank must provide oaths and changes to their directors, chief executive officer, and president.


Section 4 amends K.S.A. 9-1724 to state that when a merger application causes a state bank to no longer exist, its charter is deemed void the following business day after the consummation date.

Section 6 amends K.S.A. 9-2011 to clarify that federally-insured banks and credit unions chartered by another state or the federal government do not need Commissioner approval to do business in Kansas. These banks already have this authority through federal law. However, the OSBC still receives inquiries about this statute.

The rest of this bill contains other minor changes, such as making hearings subject to the Kansas Administrative Procedure Act and updating statutory citations to the correct statute.

Finally, we are aware that the Kansas Bankers Association will introduce an amendment to this bill. The OSBC is neutral on the amendment.

Sincerely,

A handwritten signature in cursive script, appearing to read "Brock Roehler".

Brock Roehler
General Counsel
Office of the State Bank Commissioner