



February 11, 2025

The Honorable Nick Hoheisel, Chairperson
House Committee on Financial Institutions and Pensions
300 SW 10th Avenue, Room 582-N
Topeka, Kansas 66612

Dear Representative Hoheisel:

SUBJECT: Fiscal Note for HB 2235 by House Committee on Financial Institutions and Pensions

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2235 is respectfully submitted to your committee.

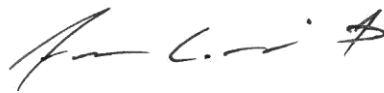
HB 2235 would revise the Technology-Enabled Fiduciary Financial Institutions (TEFFI) Act and add the provisions of the Act to the State Banking Code. The bill would reduce the application fee for a fiduciary financial institution charter from \$100,000 to \$50,000. The bill would expand the State Banking Board and the State Bank Commissioner's authority over a TEFFI to include regulation and supervision of a TEFFI. The bill would require a TEFFI to file on March 1 of each year a report of its assets and liabilities with the Commissioner. Other financial reports requested from the TEFFI would be due no earlier than 60 days after the request is made by the Commissioner. The bill would also exempt a TEFFI from the requirements of retaining its business records permanently, providing a daily summary of all transactions showing the TEFFI's assets, liabilities, and net worth, and a monthly report of all transactions relating to fiduciary assets.

The bill would expand a TEFFI's general powers to include issuing certificates associated with alternative asset custody accounts as well as act as a trustee and issue certificates on behalf of a trust. The bill would define "certificate" as a certificate representing the beneficial ownership of a trust, or an asset held in an alternative asset custody account. The bill would also amend the definition of qualified charities to include Kansas nonprofit corporations regardless of the corporation's federal income tax treatment for the purposes of the fiduciary financial institution's income tax credit. The bill would also add and revise additional terms in the Act.

The Department of Revenue states that expanding the definition of qualified charities could increase the potential credits claimed for the fiduciary financial institution income tax credit, which could reduce State General Fund revenues. The reduced application fee from \$100,000 to \$50,000 would also reduce State General Fund revenues.

The Office of the State Bank Commissioner indicates it would use existing resources to implement HB 2235. The agency does not anticipate any new TEFFI applications since no entity has approached the agency about becoming a TEFFI. Any fiscal effect associated with HB 2235 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", followed by a stylized flourish or symbol.

Adam C. Proffitt
Director of the Budget

cc: Jesse Becker, Office of the State Bank Commissioner
Julie Murray, Department of Credit Unions