

February 10, 2025

The Honorable Brenda Dietrich, Chairperson
Senate Committee on Financial Institutions and Insurance
300 SW 10th Avenue, Room 546-S
Topeka, Kansas 66612

Dear Senator Dietrich:

SUBJECT: Fiscal Note for SB 139 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 139 is respectfully submitted to your committee.

SB 139 would revise the State Banking Code. The bill would require banks and trust companies to notify the State Bank Commissioner of any newly appointed chief executive officer, president, or directors prior to the commencement of the individual's duties. The bill would also require banks and trust companies to file a director's oath to administer the affairs of the company diligently and honestly within 15 days of an election of any officer or director. Banks and trust companies would also be required to notify the Commissioner within five days of when any chief executive officer, president, or director is voluntarily or involuntarily relieved from position duties. The bill would require the State Banking Board to conduct hearings regarding cease and desist orders in accordance with the Kansas Administrative Procedure Act.

Under current law it is unlawful for an individual, firm, or corporation to communicate that it is engaged in a banking or trust business without first obtaining authority from the Commissioner, which is a class A, nonperson misdemeanor. The bill would make an exception if the individual, firm, or corporation is a federally insured bank or credit union and is either chartered in Kansas, another state, or the federal government to engage in a banking or trust business. The bill would also list the requirements for certain trust companies or financial institutions to transfer more than 50.0 percent of their total fiduciary accounts to another trust company or bank chartered in Kansas. Under current law, the Commissioner can exempt a trust company that proposes to relocate its office less than one mile from its current location. SB 139 would allow the Commissioner to give a trust company an exemption to move its location less than ten miles from

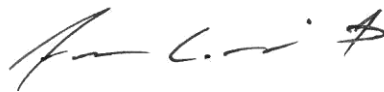
its current location, and the bill would require the trust company to document the written action taken by the board of directors of the trust company approving the proposed relocation and all other required regulatory approvals. The bill would also authorize the Commissioner to require a nonresident trust company to meet the greater of the requirements stated under the banking code or the laws of the nonresident trust company's home state required for a Kansas trust company to do business in the nonresident trust company's home state. The bill would also make technical changes to the banking code.

The Office of State Bank Commissioner indicates that it has only had one trust company relocate in the last three years from its previous location. The agency would be able to use existing resources to approve these relocations.

The Kansas Judicial Branch indicates SB 139 could increase the number of cases filed in the district courts because it expands the crime of unlawfully engaging in the banking or trust company business. These provisions of the bill would increase time spent by district court judicial and nonjudicial personnel in processing, researching, and hearing cases. Since the crime committed under the bill would carry a Class A, nonperson misdemeanor penalty there could be additional supervision of offenders. The enactment of the bill could increase the collection of docket fees, fines, and supervision fees that would be deposited into the State General Fund. The agency indicates that it is unable to estimate a fiscal effect.

The Office of Administrative Hearings believes the number of additional cases that might come before the agency and require an actual hearing under the Kansas Administrative Procedures Act would be minimal. The agency states it would be able to absorb the increased caseload within its existing resources. Any fiscal effect associated with SB 139 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