

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 A.M. on March 14, 2007 in Room 234-N of the Capitol.

All members were present.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department  
Terri Weber, Kansas Legislative Research Department  
Ken Wilke, Office of Revisor of Statutes  
Bev Beam, Committee Secretary

Conferees appearing before the committee:

John Smith, Administrator, Department of Credit Unions; Jerel Wright, Kansas Credit Union Association; Senator Marci Francisco

Others attending:

See attached list.

The Chair called the meeting to order.

Hearing on:

**HB 2113 - concerning credit unions; pertaining to administrative hearings**

John Smith, Administrator, Kansas Department of Credit Unions, testified in support of HB 2113.

Mr. Smith stated that HB 2113 would amend K.S.A. 17-2242(b) which currently states that a credit union may appeal an order of the administrator pursuant to K.S.A. 17-2241. That statute provides for an appeal of administrative action to district court. However, an opportunity for a hearing at the administrative level prior to any appeal to the district court is missing. The proposed amendment to K.S.A. 17-2242(b) would remedy this situation by granting a hearing or an opportunity for a hearing in accordance with the provisions of the Kansas administrative procedures act. Appeals from the hearing process would continue to be governed by the Kansas Act for judicial review (K.S.A. 77-601 et seq.) according to K.S.A. 17-2241. Mr. Smith said enactment of the amendment would have no fiscal impact on the Kansas Department of Credit Unions.

(Attachment 1)

Jerel Wright, Kansas Credit Union Association, testified in support of the changes proposed by the Kansas Department of Credit Unions. (Attachment 2)

Senator Marci Francisco testified in opposition to HB 2113. Senator Francisco stated that she is concerned with the appeal process available to directors, officers, committee members and employees of credit unions throughout Kansas if the credit union administrator has suspended them from office and prohibited them from further participation. She said she is also concerned that the administrator has control over the hearing related to his or her action. Along with testimony, proposed amendments to HB 2113 are attached. (Attachment 3)

The Chair closed the hearing on HB 2113.

Hearing on:

**HB 2114 - concerning credit unions; pertaining to investment in a credit union services organization.**

John Smith again testified in support of HB 2114. Mr. Smith said HB 2114 is an amendment to 17-2204a(b). This amendment expands the permissible legal structure of CUSO (credit union service organization) to include limited liability companies or limited partnerships. The change reflects current credit union industry practice. CUSOs can be owned by one credit union but usually are owned by multiple state chartered and federal credit unions. This would allow them to be structured as limited liability companies or a limited liability partnership. Kansas credit unions invest in or loan money to credit unions organized in other states or by federal credit unions. (Attachment 4)

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on March 14, 2007 in Room 234-N of the Capitol.

Jerel Wright also testified again in support of HB 2114 stating that KCUA supports the changes proposed by the Kansas Department of Credit Unions. (Attachment 5)

The Chair closed the hearing on HB 2114.

Action on:

Senator Wysong moved to pass HB 2114 favorably. Senator Schmidt seconded. Motion passed.

Action on:

**HB 2115 - concerning the workers compensation group-funded pool; relating to the collection of the premium tax.**

The Chair asked Melissa Calderwood to give an overview of HB 2115. Miss Calderwood stated that HB 2115 would amend the premium tax collection method for workers compensation group-funded pools. Under the bill, the labor group-funded pools would be permitted to collect in the same manner as municipal group-funded pools, rather than the current calculation based on estimated premiums. The premium tax is to be based upon the annual Kansas gross premium collected by the pool as applied to the collective premium relating to all Kansas members of the pool from the previous fiscal year. The tax is to be paid no later than 90 days after the end of each fiscal year.

Following discussion, Senator Vicki Schmidt moved to pass HB 2115 out favorably. Senator Brownlee seconded. Motion passed.

The Chair asked for a motion to approve the minutes of March 7. Senator Wysong so moved. Senator Brownlee seconded. Motion passed.

The meeting adjourned at 10:05 a.m.