

SESSION OF 2023

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2247

As Amended by House Committee on Financial
Institutions and Pensions

Brief*

HB 2247, as amended, would amend the State Banking Code to allow any person, regardless of age, to become a depositor in a bank and to enter into an agreement with a bank for the lease of a safe deposit box. The bill would also specify that any bank that accepts deposits from certain minors ages 16 or older cannot require a cosigner or the consent of a custodian for deposit of the minor's funds.

Deposits

Instruments for Withdrawal

The bill would provide that any person, regardless of age, may become a depositor in any bank and will be subject to the same duties and liabilities respecting that person's deposits. The bill would also provide that when the deposit is accepted, it may be withdrawn by the depositor by any of these methods:

- Check or instrument in writing;
 - The bill would further specify the check or other instrument in writing would constitute a receipt or acquittance, if the check or other instrument is signed by the depositor, and constitutes a valid release and discharge to the bank for all payments so made; or

*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>

- Electronic means through:
 - Preauthorized direct withdrawal;
 - An automatic teller machine (ATM);
 - A debit card;
 - A transfer by telephone;
 - A network, including the internet; or
 - Any electronic terminal, computer, magnetic tape, or other electronic means.

Minors in Custody

The bill would provide that any bank that accepts deposits from certain minors cannot require a cosigner, or the consent of a custodian, for the funds to be deposited. Specifically, these deposit requirements on banks would apply to minors in the custody of the Secretary for Children and Families, a federally recognized Indian tribe in Kansas, or the Secretary of Corrections. Under the bill, these minors would be responsible for banking costs or penalties associated with the deposits. The bill would also provide the Secretary or designee, or any foster or biological parent, would not be responsible for banking costs or penalties associated with a deposit.

Safety Deposit Boxes

The bill would also provide that any person, either as an individual or with others, may enter into an agreement with a bank for the lease of a safe deposit box and will be bound by the terms of this agreement.

Electronic Funds Transfer Participants

The bill would also state the provisions of the bill shall not be construed to affect the rights, liabilities, or responsibilities of participants in an electronic funds transfer

under the Federal Electronic Fund Transfer Act (15 U.S.C. 1693 *et seq.*), as in effect on July 1, 2024, and shall not affect the legal relationship between a minor and any person other than the bank.

Background

The bill was introduced by the House Committee on Child Welfare and Foster Care at the request of the Secretary for Children and Families. The bill was referred to the House Committee on Financial Institutions and Pensions on January 31, 2023, rereferred to the House Committee on Appropriations on February 15, and withdrawn from that committee and referred to the House Committee on Financial Institutions and Pensions on March 1.

House Committee on Financial Institutions and Pensions

In the House Committee hearing on March 6, the Deputy Director of Youth Programs, Department for Children and Families (DCF), provided **proponent** testimony, stating DCF believes it is important that youth placed in the custody of the child welfare or juvenile justice systems have the opportunity to participate in activities like that of their non-system involved peers. The DCF official further noted that providing a statutory pathway that allows system-involved youth to open checking and savings accounts without co-signors also helps mitigate fraud and potential theft of a young person's money by biological or non-related caregivers. Written-only proponent testimony was submitted by the Children's Alliance of Kansas and a former foster care youth.

Neutral testimony provided by a representative of the Kansas Bankers Association indicated clarifying language was needed regarding deposit accounts created with minors. The representative presented an amendment to address concerns about the ability of a minor to void an account and

the minor's liability for associated banking costs. The proposed amendment also addressed safe deposit boxes.

The House Committee amended the bill to allow any person, regardless of age, to become a depositor and subject these persons to the same duties and liabilities for the person's deposits. The amendment would also provide for the methods by which a deposit may be withdrawn. The House Committee also amended the bill to add similar provisions (to deposit permissions) pertaining to the lease of safe deposit boxes. The House Committee also revised language relating to certain deposits by minors to specify these requirements would apply to banks accepting such deposits. As introduced, the bill would have prohibited banks from denying deposits without a cosigner for certain minors. The amendment also updated the bill's title to reflect the expanded language pertaining to financial institutions and deposits.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Kansas Department of Corrections, DCF, and the Office of the State Bank Commissioner indicate the bill would not have a fiscal effect on the agencies. In testimony presented to the House Committee, the DCF official indicated the bill would have minimal fiscal impact as there could be costs associated with creating awareness, printing, posting, and potential training. The official also indicated in oral testimony that as of December 31, 2022, the number of youth in custody and care that could be impacted was 1,219.

Financial institutions; State Banking Code; banks; deposits and withdrawals; safety deposit boxes; minors; cosigners; custodians