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Julie Murray, Administrator

Laura Kelly, Governor

February 28, 2024

The Honorable Jeff Longbine  
Senate Committee on Financial Institutions and Insurance  
State of Kansas  
300 SW 10<sup>th</sup> Avenue, Room 546-S  
Topeka, Kansas 66612

Re: Support of HB 2561

Dear Chairman Longbine and members of the Committee:

Thank you for the opportunity to testify in support of House Bill 2561. My agency, the Kansas Department of Credit Unions formed a working group with our state-chartered credit unions to review the Kansas Credit Union Code. Our goal was to ensure that the statutes were appropriate for the current business conditions, while still providing necessary guidance to ensure safety and soundness of the credit union.

The first item in the bill authorizes our state-chartered credit unions to operate outside state lines. This does not change the field of membership requirements; it simply affords them the ability to provide locations to membership that may live or work in a different state. Currently 36 other states have this legislation including our surrounding states of Missouri, Iowa, Nebraska, and Colorado. While the credit union would be required to reach out to the regulator in the state that they would like to do business in, they would remain under the supervision of our agency.

The next two items (authorization of civil money penalties and authority to enter into an informal agreement) would give our agency statutory authority to provide a graduated level of enforcement actions. Our current statutes do not offer any authority prior to Cease & Desist Orders and Conservatorship Orders. We've taken the language for this provision directly from the Kansas Banking Code.

The following change includes removing the term "in duplicate" from the statute as this is no longer necessary and giving Supervisory Committee Members the ability to appeal termination to the general membership of the credit union.

The final item revises merger requirements. At this time, any merger between credit unions requires both credit unions to put the merger to vote to the entire membership. A majority of our mergers occur between a larger credit union and a smaller one. In this instance, the policies, procedures, and products offered by the larger credit union do not change and their membership will not be affected by the merger. The proposed change to the bill would eliminate the need for the larger "continuing" credit union to have a full membership vote. The smaller credit union whose members will see change will still be required to vote to accept or deny the proposed merger.

Julie Murray, Administrator