



Trust Division

A DIVISION of KBA

Date: March 5, 2024

**To: Senate Committee on Financial Institutions and Insurance
Senator Jeff Longbine, Chair**

**From: Joe Karnes, Vice President and Trust Officer, CTFA
Legislative Representative, Trust Division of Kansas Bankers Association**

Re: Written Proponent Testimony for HB 2560

Mr. Chairman and committee members, I am Joe Karnes providing this testimony on behalf of the Trust Division of the Kansas Bankers Association. The Trust Division of the KBA has been working to support Kansas trust companies, trust divisions, and banks for more than 100 years. We thank you for the opportunity to provide testimony in support of HB 2560 which will modernize Kansas trust and probate law. We are supportive of the proposed changes to clean up some trust related provisions of the banking code and make Kansas Banks and Trust Companies more competitive.

This bill would make it easier for Kansas banks and trust companies to acquire out of state trust business. Under current Kansas law, the bank or trust company transferring (selling) the fiduciary accounts must have its principal place of business in Kansas. Because of the principal place of business requirement, a Kansas bank or trust company acquiring out of state trust business must go through the court system to transfer every fiduciary account over individually. This process is timely and clogs the court systems. This bill would change that requirement and instead require just one of the parties (either the originating or contracting trustee) to have their principal place of business in Kansas. This change would make it an easier and faster process for a Kansas bank or trust company to acquire out of state fiduciary accounts and transfer them to their Kansas bank or trust company. Many of our surrounding states already have a legal mechanism like this in place to allow the bulk transfer of these accounts.

This bill will also give the banking division of the Office of the State Bank Commissioner (OSBC) the authority to abandon an application that is not complete or not timely acted upon. This will reduce the amount of time and effort the OSBC spends on pending applications and allows them to close the application process without having to resort to a denial. The application will still have the ability to re-apply at a later time. This legislation takes into consideration banks or trust companies that have dormant trust powers and would not affect their authority. We appreciate the OSBC's work on this legislation and their efforts to keep our banking code up to date.

Thank you for the opportunity to provide written proponent testimony on HB 2560. When the Committee considers acting on this legislation, we respectfully ask for favorable consideration.

Mr. Chairman, if you or any committee member have questions or require additional information, please contact me at joeka@centralnational.com or 785-838-1962.