

Approved: 03-26-2012

(Date)

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE

The meeting was called to order by Chairperson Ruth Teichman at 9:30 AM on Wednesday, February 8, 2012 in 152-S of the Capitol.

All members were present except:
Senator Steineger

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Ken Wilke, Revisor of Statutes Office
Marilyn Arnone, Committee Assistant

Conferees appearing before the Committee:

Judi Stork, Deputy Bank Commissioner

Others in attendance:

See attached list.

Chair Teichman opened the meeting by remarking that good legislation doesn't get published in a hurry. There had been a discussion yesterday concerning how **SB 71** would affect public adjusters and had the public adjusters had a chance to testify on the bill. Chair Teichman said she had learned there were only two public adjusters in the State and they would be grandfathered so the bill would not affect these two particular adjusters. In response to Senator Taddiken's concern for the public adjusters, the Chair would bring back **SB 71** to the Committee to allow time for the public adjusters to either testify in person or present written testimony.

Senator Taddiken remarked he thought it was an appropriate decision to bring back the bill. *Senator Taddiken moved that the Committee reconsider **SB 71**. Senator Schmidt seconded and the motion carried.*

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CONTINUATION SHEET

Minutes of the SENATE FINANCIAL INSTITUTIONS AND INSURANCE Committee at 9:30 AM on Wednesday, February 8, in 152-S of the Capitol.

Chair Teichman then opened the hearing on **SB 64–Banking; criminal record history information, fingerprints**. Mr. Wilke offered the proposed amendments for **SB 64**. (Attachment 1)

Judi Stork spoke in support of **SB 64**. The Office of the Bank Commissioner had requested this bill during the past legislative session. The original bill allowed the Bank Commissioner Office to fingerprint applicants as part of the required statutory investigation and review into the character and qualifications of applicants desiring to purchase or charter a bank or trust company, a bank holding company, or a money transmitter company. As a result of the Interim Committee’s work, the bill has been amended to address concerns of the Interim Committee.

All references to fingerprinting applicants desiring a new Bank charter or acquiring a bank or bank holding company have been removed. The Commissioner is still requesting authority to fingerprint individuals involved with applications for a new trust company charter or to purchase an existing trust. The Commissioner is still requesting the authority to fingerprint individuals involved with applications for money transmitter companies.

Allowing the Office of the Bank Commissioner the ability to request fingerprint checks would enhance the agency’s ability to meet statutory requirements for reviewing an applicant. Currently, criminal background checks are obtained through the FBI, but complete information cannot be obtained without fingerprints. Whether it be granting a trust company charter or allowing companies to transmit monies on behalf of Kansas consumers, the agency wants to make certain individuals involved in these entities are fiscally responsible and are of the highest ethical standards. Allowing for fingerprinting will assist in making informed decisions.

Ms. Stork asked the Committee for favorable support of the amendments and for passage of this bill. (Attachment 2)

The Money Services Round Table offered written testimony in support of section 1 of **SB 64** as amended. TMSRT does not oppose money transmitter laws requiring fingerprinting of officers, directors, etc. of non-publicly traded corporations. (Attachment 3)

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Kathleen Taylor offered written testimony as a neutral party to **SB 64** because the initial objections to the bill have been removed, but would oppose any efforts to reinstate a fingerprint requirement for banks in this bill as the KBA thinks fingerprinting would be duplicative, unnecessary and costly. (Attachment 4)

Shawn Mitchell offered a written statement of neutrality on **SB 64** as amended. When **SB 64** was introduced during the last legislative session, the CBA was opposed to the bill. But the Office of the State Bank Commissioner's proposal to amend **SB 64** limiting its application to money transmitters and holding companies modifies the bill to eliminate bankers. If this proposed amendment is adopted, the CBA would become neutral on the bill. Their membership, however, remains apprehensive about where fingerprinting and criminal background authority might be expanded in the future. (Attachment 5)

Chair Teichman called for Final Action on **SB 315–Bank Commissioner; appointment of and salaries for certain unclassified positions.**

Senator Taddiken moved that the word, “annually,” be inserted before the period on page 2, line 42 of the bill. Senator Masterson seconded and the motion carried.

*Senator Masterson moved that **SB 315** be passed out of the Committee favorably as amended. Senator Schmidt seconded and the motion carried.*

The Chair adjourned the meeting at 10:15 AM. The next meeting will be February 9, 2012.

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