

January 31, 2012

The Honorable Forrest Knox, Chairperson  
House Committee on Financial Institutions  
Statehouse, Room 274-W  
Topeka, Kansas 66612

Dear Representative Knox:

**SUBJECT:** Fiscal Note for HB 2505 by House Committee on Financial Institutions

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2505 is respectfully submitted to your committee.

HB 2505 would update the legal lending limit provisions of the Kansas Banking Code to include derivative transactions. The bill would allow state-chartered banks to continue to invest in derivative transactions under the requirements of the federal Dodd-Frank Act, which will become effective on January 21, 2013. The bill defines a derivative transaction as any transaction that is a contract, agreement, swap, warrant, note or option that is based on the value of any interest in, or any quantitative measure or the occurrence of any event relating to, one or more commodities, securities currencies, interest or other rates, indices or other assets. The bill would take effect January 21, 2013.

The Office of the State Bank Commissioner indicates HB 2505 would have no fiscal effect on its operations or the operations of any state-chartered bank. The agency indicates that it already reviews derivative transactions during its regular bank examination schedule.

Sincerely,



Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Diane Bellquist, Banking