

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE

The meeting was called to order by Chairman Ray Cox at 3:30 P.M. on February 2, 2005 in Room 527-S of the Capitol.

All members were present except:

Jene Vickrey- excused

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department

Michele Alishahi, Kansas Legislative Research Department

Bruce Kinzie, Revisor of Statutes Office

Patti Magathan, Committee Secretary

Conferees appearing before the committee:

Judi Stork, Kansas Banking Commission

Ron Gaches, Security Finance & First Data Corporation

Doug Wareham, Kansas Bankers Association

Matt Goddard, Heartland Community Banking Association

Others attending:

See attached list.

Chairman Cox opened the meeting for Bill Introductions:

Judi Stork, Deputy Bank Commissioner, introduced a rewrite of the Money Transmitter Act which is supervised by the Banking Department. The bill changes focus from physical location to business done with a Kansas resident, would encompass internet funds transmission and stored value cards, increase bonding requirements for doing business, and increase oversight powers of the O.S.B.C. **(Attachment 1)**

Chairman Cox said that without objection the bill would be introduced.

Vice-Chairman Humerickhouse introduced a consumer protection bill which has to do with the amount of money which can be paid to a cemetery company for a monument. **(Attachment 2)**

Chairman Cox said that without objection the bill would be introduced.

Ron Gaches requested two bill introductions.

1. On behalf of Western Union, a wholly owned subsidiary of First DataCorp., Ron requested a bill which concerns money wire transfers. The traditional model is based on these arrangements being made at a walk-up window and handled in cash. Current law expressly prohibits charging a surcharge for credit card transaction which has become increasingly more common. This bill would expressly allow that a surcharge for credit card transactions may be charged. **(Attachment 3)**

2. This bill is requested by Security Finance, a consumer financial services firm, providing non-collateralized loans. They are requesting authorization to provide loans up to \$1500, for no longer than 18 months with a unique fee structure carve-out from current U.C.C.C.. Similar to that currently allowed for PayDay Loans. This company is a competitor of PayDay Loans. **(Attachment 4)**

Chairman Cox said that without objection the two bills would be introduced. The Chairman also stated that if these bills get printed they will be heard on February 9.

Rep. Grant introduced a bill on behalf of Rep. Flora. This bill is related to credit cards and consumer protection concerning receipts. This bill amends K.S.A. 2004, Supp. 50-669b. **(Attachment 5)**

Chairman Cox said that without objection the bill would be introduced.

Chairman Cox opened and closed hearings on **HB 2099** Credit unions: powers of the administrator.

CONTINUATION SHEET

MINUTES OF THE House Financial Institutions Committee at 3:30 P.M. on February 2, 2005 in Room 527-S of the Capitol.

Chairman Cox opened hearing for **HB 2125** Mortgages on real property; entry of satisfaction; fees.

Doug Wareham appeared on behalf of the Kansas Banking Association. There are currently two separate statutes related to mortgage release fees paid to County Register of Deeds when a mortgage is paid off. This bill is a clarification of existing law by adding language specifically addressing mortgage release fees. **(Attachment 6)**

Representative Brunk asked how the fee would be collected. **Mr. Wareham** responded that the fee could either be collected during the application process or at the loan closing.

Rep. Faust-Goudeau asked the amount of the filing fee. **Mr. Wareham** replied that the existing filing fee of \$2.50 is currently being paid by the filing institution.

Matt Goddard, testified on behalf of the Heartland Community Bankers Association. Mr. Goddard stated that when the existing statute was modified it didn't expressly allow the institution to pass the filing fee on to the borrower, but it did remove the prohibition to pass the fee on to the borrower. Bill 2125 explicitly authorizes mortgage lenders to collect the fee for filing a mortgage release from a morgator. **(Attachment 7)**

Chairman Cox closed the hearing on HB 2125.

Chairman Cox requested an update from Legislative Research on **HB 2097** Banks and trust companies, and **HB 2098** - Banks, granting of trust authority.

Melissa Calderwood, Legislative Research reported that **HB 2097** concerns the exchange of certain examinations and reports in relation to banks and trust companies. Currently, the State Bank Commissioner is required to accept or provide reports of state banks and trust companies from the Federal Deposit Insurance Corporation (FDIC), The Federal Reserve Bank, or certified accountants or independent auditors who are insured by a private insurer. The bill would remove the requirement for the certified accountant and the independent auditors. The bill also provides for additions to the disclosure requirements for the State Bank Commissioner including trust company regulatory agencies, the Office of Thrift Supervision, and the Financial Crimes Enforcement Network (FinCEN).

Melissa Calderwood, Legislative Research, reported that HB2098 concerns the trust authority of banks. The bill provides that banks be allowed to act as trustees of both Medical Savings Accounts (MSAs) and Health Savings Accounts (HSAs) without a special permit, if investments are limited in time and savings are deposited in the bank. Under current law, banks are permitted to act as trustees, without a special permit, for Individual Retirement Accounts (IRAs) and 401 (k) trusts. The bill would be effective upon publication in the Kansas Register.

Neither bill would have a fiscal effect.

Chairman Cox said that the committee would work **HB 2097** Banks and trust companies, exchange of certain examinations.

Representative Burgess made a motion to amend the bill to strike the comma and add the word "or" to line 24 of the first page between the words "corporation" and "the". Representative O'Malley seconded the motion. The motion passed. Representative Grant made a motion to pass the bill as amended which was seconded by Representative Brunk. The motion passed.

Chairman Cox said the committee would work **HB 2098** - Banks, granting of trust authority.

Representative Burgess made a motion to pass the bill favorably. Second was made by Representative George. The motion passed.

CONTINUATION SHEET

MINUTES OF THE House Financial Institutions Committee at 3:30 P.M. on February 2, 2005 in Room 527-S of the Capitol.

Chairman Cox asked the Committee if they were prepared to work **HB 2125 - Mortgages on real property; entry of satisfaction; fees.**

Representative Dillmore made a motion to pass the bill favorably. Representative Thull seconded the motion. The motion passed.

Representative Grant made a motion that, without objection, minutes of the January 26 Committee Meeting be approved. Minutes were approved.

Chairman Cox asked Melissa Calderwood, Legislative Research, to prepare a report on interest rates and U.C.C.C. for the next meeting.

Representative Cox announced that the next meeting will be Monday, February 7, 2005 at 3:30 p.m. in Room 519-S. He stated that he had a larger room for the hearing on HB 2143 and HB 2145, and, if he did not get a larger crowd, he would never get a larger room again.

Meeting was adjourned.