



Community Bankers Association of Kansas

Kansas Legislative and Policy Report

February 12, 2024

Overview

We are now just two weeks away from Turnaround, the official midpoint of the Session. Most bills are required to pass out of their chamber of origin before Turnaround. Floor work in either chamber remains next to nothing, but that will change next week and the week of February 19th. During that week, both chambers will spend two or three full days debating bills on the floor ahead of the Turnaround weekend beginning February 23rd.

Highlights from the Week

- This week was by far the busiest week of committee work, with a growing number of bills being worked and advanced to their respective chambers for floor debate before the Turnaround deadline in just a couple of weeks.
- Most of the work is in committee, some moving fast, others very slow, but very little on the floor. Several policy bills in our area are moving, and churning forward with a usual amount of speed, the budget process is at least two weeks ahead of schedule. It is possible the end will come early.
- The House did not attempt the veto override attempt on the tax bill, as previously anticipated, it is likely they did not have the votes to override the veto and send it over to the Senate for its override attempt. The House majority leadership will try and attempt the veto override next Tuesday, February 13th.

Big Picture Issues

Session Timeline

- Turnaround, or the midpoint, is now two weeks away on Friday, February 23rd, and the Legislature will have a long weekend break.
- First Adjournment is set for Friday, April 5th, and we anticipate an abbreviated Veto Session at the end of April.

What's Next

- While our report this week has continued to grow with the introduction of new bills, we are trimming down the list as the deadlines pass for bills to advance out of their chamber of origin, and we'll proceed with a slimmer list of issues after Turnaround that actually have a chance of moving through the process. But for this week, there are more bills.

- We are anticipating the veto override attempt on the tax bill on Tuesday. It remains uncertain if either chamber has the votes to override.
- Budget committees continue to expedite their work and we expect most budget committees to complete their work before Turnaround.

CBA Topics

The UCCC bill has now been released and has hearings next week in Senate FI&I. CBA will submit written proponent testimony. However, it may be a quiet start next week in committees on Monday given the Super Bowl; neither House nor Senate FI committees are scheduled to meet on Monday.

2024 Legislation

UCCC Modernization

- Introduced in Senate FI&I on Wednesday, January 24th.
- SB 495: https://kslegislature.org/li/b2023_24/measures/sb495/
- Hearing in Senate FI&I on Tuesday and Wednesday, February 13th-14th.
- Revisor memorandum and bill overview, as well as proponent testimony from OSBC on Tuesday.
- Other proponents and any opponents/neutral testimony will take place on Wednesday.
- CBA will submit written proponent testimony.
- As a reminder, here are some of the main components of the bill:
 - Resolves the discrepancy between definition of “earnings” in the Kansas garnishment statute and the UCCC,
 - Changes the allowed finance charge on a consumer loan from a blended rate to a flat 36% rate,
 - Increases the threshold amount for all consumer credit transactions from \$25,000 to \$69,500 to match Regulation Z,
 - Resolves the discrepancy between Regulation Z and UCCC regarding the prohibition against pyramiding late fees,
 - Increases the maximum origination fees on non-real estate consumer transactions from \$100 to \$300,
 - Eliminates the 100% loan to value limitation for loans guaranteed by a federal government agency (i.e., USDA loans),
 - Modifies the requirements for record keeping,
 - And clarifies licensing rules for supervised lenders.
 - Moves portions related to mortgages into the KMBA.

OSBC Legislation

- HB 2560: Providing when applications under the state banking code are considered abandoned or expired and allowing an originating trustee to have such a trustee’s principal place of business outside of Kansas.
 - Heard in House FI&I Monday, February 5th.
 - HB 2560 deals with applications that are considered abandoned or expired and streamlines the process for OSBC. Currently, it takes a long time for OSBC to review pending applications that have been approved but the bank or trust may not yet be engaged in activity. Under current law, OSBC can request a

withdrawal; however, OSBC cannot demand a withdrawal. This legislation allows OSBC to move on from an application that has not met all the requirements.

- Additionally, HB 2560 modifies a trust statute to remove some inefficiencies caused by current law that requires both the contracting and originating trustee to both be located in Kansas in order to do a bulk transfer.
- Midwest Trust testified in support as well, and KBA's Trust Division offered written proponent testimony.

Credit Union Statute Modernization

- HB 2561: Authorizing domestic credit unions to operate outside of the state, providing civil penalties for certain violations, allowing the administrator to enter into informal agreements, removing requirements regarding duplicate filings, establishing appeals procedures for suspended credit and supervisory committee members, and requiring the members of a merged credit union to approve such merger.
- Heard in House FI&I on Wednesday, January 31st.
- Allows domestic credit unions to do business outside of Kansas if permitted by laws of the other jurisdiction. In short, it simplifies the merger process, clarifies the enforcement authority of the Department of Credit Unions, and removes the barrier of operating solely within state boundaries.
- Adds three new sections to state credit union code and makes some amendments to remove requirements regarding duplicate filings; establishes appeals procedures when suspended credit union supervisory committee member and changes some approvals for credit union mergers.
- Passed out of House Financial Institutions on 2/6 without amendment.

Other Financial Institutions-Related Legislation

SB 446 Foreign Land Ownership

- SB 446: Legislation brought by the Attorney General that would prohibit acquisitions of ownership interests in certain Kansas real property by foreign individuals and entities unless authorized by the state land council and establishing the state land council.
- Heard on February 7th in Senate Federal & State Affairs.
- All major agriculture groups are strongly opposed.
- Several issues with the bill, including broad language, would make it nearly impossible to enforce.
- KBA is opposed to the legislation and their testimony can be found here:
https://kslegislature.org/li/b2023_24/committees/ctte_s_fed_st_1/misc_documents/download_testimony/ctte_s_fed_st_1_20240207_25_testimony.html
- <https://kansasreflector.com/2024/02/06/kobach-asks-for-ban-on-foreign-land-ownership-in-kansas-citing-dangers-from-china/>

HB 2722 MCC (Merchant Category Codes) Legislation

- HB 2722: Enacting the second amendment financial privacy act, prohibiting financial institutions from using a firearms code to engage in certain discriminatory conduct and surveilling, reporting, or tracking the purchase of firearms and ammunition, authorizing the attorney general to investigate and enforce violations of such act and providing a civil penalty for violations thereof.
- Modeled from Texas legislation that was passed into law last year. Prohibits transactions at firearm retailers from being tracked with a specialized merchant category code (MCC).

Because these codes are transacted through banks, who have no control over the codes, banks could be fined under this legislation as it is written.

- Introduced by Rep. Bryce (R-Coffeyville).
- KBA opposed until several issues, especially the penalty language, is fixed.
- Unlikely the bill will have any action until legislation on the topic is reintroduced next Session.

SB 494 Adoption Savings Accounts

- SB 494: Enacting the adoption savings account act, allowing individuals to establish adoption savings accounts with certain financial institutions, providing eligible expenses, requirements and restrictions for such accounts and establishing addition and subtraction modifications for contributions to such accounts under the Kansas income tax act.
- Introduced February 8th.

HB 2345 Supported Decision-Making

- HB 2345 is a bill concerning supported decision-making and would enact the supported decision-making agreements act to provide a statutory framework for adults who want decision-making assistance.
- Bill text: https://kslegislature.org/li/b2023_24/measures/documents/hb2345_00_0000.pdf
- No movement on the bill this week.

Upcoming Activities

The legislative schedule of hearings is updated regularly throughout the week can be found in the House and Senate calendars on the Legislature website at:

http://kslegislature.org/li/b2023_24/chamber/calendars/

Additionally, all hearings are now available online live and archived by the end of each day. You can find those hearings on the Legislative YouTube at:

https://www.youtube.com/channel/UC_0NO-Pb96CFABvxDwXAq8A

Monday, February 12th.

Tuesday, February 13th.

Senate FI&I. 9:30 AM.

- Hearing on SB 495 UCCC.

House Session. 11:00 AM.

- Possible veto override attempt on tax bill (CCR 2284).

Wednesday, February 14th.

Senate FI&I. 9:30 AM.

- Hearing continuation on SB 495 UCCC.

Thursday, February 15th.

Wrap Up

Let us know if you have any questions.

Shawn P. Mitchell, President
Community Bankers Association of KS
5897 SW 29th Street
Topeka, KS 66614
785-271-1404 Office
shawn@cbak.com
www.cbak.com

Stuart J. Little, Ph.D.
Little Government Relations, LLC
800 SW Jackson, Ste. 1100
Topeka, Kansas 66612
785-235-8187 Office
785-845-7265 Cell
stuartjlittle@mac.com
www.lgrkansas.com

Mallory Lutz
Little Government Relations, LLC
800 SW Jackson, Ste. 1100
Topeka, Kansas 66612
785-235-8187 Office
785-409-8351 Cell
lutzmallory@gmail.com