



Community Bankers Association of Kansas

Kansas Legislative and Policy Report

February 19, 2024

Overview

The Session is nearly halfway over, with the official midpoint of the Session Friday, February 23rd. Last week marked the last week of regular committee meetings for the first half of the Session. This week, committees will wrap up hearings and final action on bills on Monday and Tuesday, before spending the remainder of the week debating bills on the floor of both chambers. Bills, unless they are exempt, must pass their chamber of origin by next Friday; otherwise, they are considered dead for the remainder of the Session. The Senate has only met a couple of times to debate bills this year, so there will likely be some very long days coming, and the first significant debate on a variety of policies. The budget is not done yet, but the budget subcommittees are completing their work.

Highlights from the Week

- Budget committees are finalizing their work, with plans to assemble the budget sometime in the first week of March, well ahead of the usual schedule.
- Yet again this week, the House did not attempt the veto override vote on the tax bill, citing members absent due to COVID, though it remains doubtful the House has the votes to override the veto. The deadline for the action is, we believe, Monday February 26th. Should the House have the votes, again, it is doubtful that the Senate then has the required 27 votes to override. It becomes more likely each day that they will have to start back at the beginning to come to a tax agreement.

Big Picture Issues

In general, we are seeing much less activity on bills this year. There are some utilities issues advancing, a slew of hearings on elections bills, and a significant number of criminal law and public safety bills making their way through the process. Education bills are piling up in committee and we will see several packages of K-12 education bills next week. For the most part, we are moving slowly, and everyone is trying to figure out why.

Session Timeline

- Turnaround is Friday, February 23rd. Most of the bills that have not had hearings, and that have not been “blessed,” will be dead after next Friday, and we will remove those bills from our reports going forward. The week after Turnaround is an abbreviated week, with the Legislature returning the following Wednesday, February 28th. Not much happens during the partial week following the break.

- First Adjournment is set for Friday, April 5th, and we anticipate an expedited Veto Session at the end of April.

What's Next

- Both chambers are scheduled for floor action every day next week, so it is likely the House will attempt the veto override on the tax bill sometime next week.
- Even though committees are only working Monday and Tuesday next week, they will churn through a large volume of bills to get them to their respective chambers for floor debate.
- It is worth noting that compared with the last couple of years, there have been fewer controversial issues that have advanced out of committees for full debate, at least thus far in the Session. The fact it is an election year, as well as the expedited budget timeline, are largely responsible for that.

CBA Topics

Making up for a relatively slow start in the financial institutions' committees, Senate FI&I heard and advanced SB 495, UCCC modernization, this week. The Committee held two days of hearings—mostly uneventful—and then advanced the bill on Thursday. Notably, the Committee inserted the contents of SB 495 into a House “shell,” HB 2247, so once it passes the Senate, the House simply has to concur, and it will be on its way to the Governor. The House Financial Institutions Committee will have a hearing on the House version of the UCCC bill, which was introduced this week, as a courtesy.

Also, this week, a surprise ESG bill was introduced in an exempt committee, so the bill will remain alive for the remainder of Session. As of now, it only applies to insurance companies. Notably, the bill was referred to Senate FI&I—not Federal and State Affairs, where it was originally introduced. We will be keeping a close eye on how this may unfold, but for now, a good sign that it is sitting in FI&I.

2024 Legislation

UCCC Modernization

- Introduced in Senate FI&I on Wednesday, January 24th.
- SB 495: https://kslegislature.org/li/b2023_24/measures/sb495/
- Heard in Senate FI&I on Tuesday and Wednesday, February 13th-14th.
- CBA submitted written proponent testimony.
- OSBC and KBA testified in support.
 - OSBC testimony: https://kslegislature.org/li/b2023_24/committees/ctte_s_fin_inst_ins_1/misc_documents/download_testimony/ctte_s_fin_inst_ins_1_20240213_02_testimony.html
 - CBA testimony: https://kslegislature.org/li/b2023_24/committees/ctte_s_fin_inst_ins_1/misc_documents/download_testimony/ctte_s_fin_inst_ins_1_20240214_04_testimony.html
 - KBA testimony: https://kslegislature.org/li/b2023_24/committees/ctte_s_fin_inst_ins_1/misc_documents/download_testimony/ctte_s_fin_inst_ins_1_20240214_01_testimony.html
- The Kansas Manufactured Housing Association testified neutrally with some concerns regarding personal property manufactured home loans, which OSBC will address administratively.

- The Committee worked the bill on Thursday and added the contents of SB 495 into HB 2247. The bill will likely run on the Senate floor next week.

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.
 - Provisions of HB 2560 are included in the UCCC bill, SB 495 (now Sub HB 2247).
 - 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.

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.
- Passed the House on February 15th, 114-3.

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.
- Exempt.

SB 512 ESG

- Prohibiting insurance companies from using environmental, social and governance criteria in the process of writing contracts of insurance, indemnity, or suretyship, authorizing the attorney general or the county attorney or district attorney where a violation occurred to enforce such prohibition and providing a civil penalty for violations thereof.
- Exempt.

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/committees/documents/hb2345_00_0000.pdf
- No movement on the bill this week.

Kansas Specie Legal Tender Act

- SB 513/HB 2729: Enacting the Kansas specie legal tender act and the Kansas bullion depository act, authorizing the state treasurer to approve electronic currencies backed by specie legal tender and establish, administer, or contract for the administration of bullion

depositories and allowing for state moneys to be deposited in such bullion depositories and invested in specie legal tender.

- HB 2729 will be heard in House Financial Institutions on Monday, Feb. 19th.
- SB 513 will be heard in Senate Fed & State Affairs on Monday, Feb. 19th.
- Requested by Senator Thompson on the Senate side.
- Sponsored by coalition of thirty lawmakers on the House side, including conservative Republicans and a handful of Democrats:
https://kslegislature.org/li/b2023_24/measures/documents/hb2729_00_0000.pdf
- Legislation is unlikely to advance.

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 19th.

House Financial Institutions. 9:00 AM.

- Hearing on HB 2729: Enacting the Kansas specie legal tender act.

Senate Fed & State Affairs. 10:30 AM.

- Hearing on SB 513: Enacting the Kansas specie legal tender act.

Tuesday, February 20th.

Wednesday-Friday, February 21st-23rd.

Floor debate in both chambers.

Wrap Up

Let us know if you have any questions.

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