

Approved: O2-16-2012

(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, January 25, 2012 in 152-S of the Capitol.

All members were present except:

Senator Steineger

Committee staff present:

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

Conferees appearing before the Committee:

Haley DaVee, Kansas Credit Unions Association
John Smith, Administrator, Kansas Department of Credit Unions

Others in attendance:

See attached list.

Chair Teichman welcomed everyone to the meeting and opened the hearing on **SB 263–Credit Unions; making use of credit committees permissive**. Melissa Calderwood gave an overview of the bill. This bill relates to credit unions and bylaws governing a credit committee. A credit committee, credit manager or loan officer shall have the general supervision of all loans to members as amended by this bill. The fiscal note shows no adverse effect.

Haley DaVee testified in support of **SB 263**. Before she began her testimony, she introduced Marla Marsh, President and CEO of the Kansas Credit Union Association. KCUA supports amendments to provide credit unions additional flexibility with their committees and to update some language relating to removal and replacement of committee members. The changes remove the statutory requirement for a credit committee, allowing credit unions to choose the

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Minutes of the SENATE FINANCIAL INSTITUTIONS AND INSURANCE Committee at 9:30 AM on Wednesday, January 25, in 152-S of the Capitol.

option that best serves the needs of their member-owners. The credit committee requirement does not reflect today's lending environment where loans are made on lending policies carefully established by the credit union's volunteer board of directors. Credit unions should have the flexibility to determine what method of making loans is best suited to serve their member-owners efficiently and effectively and not be dictated by a statute. (Attachment 1)

Ms. Davee stood for questions from the Committee.

John Smith spoke in favor of **SB 263**. Through the amendment in this bill, credit committees become optional through adoption of appropriate bylaw language. It also provides credit unions through bylaw changes to provide for the election or appointment and suspension of committee members. These changes update and modernize credit union statutes to reflect current practice. (Attachment 2)

The Chair asked for anyone else wishing to testify. There being none, the hearing on **SB 263** was closed.

Chair Teichman opened the hearing on **SB 265–Credit Unions; Bylaw amendments concerning suspensions**, a bill requested by the Credit Union Association.

Haley DaVee spoke in support of **SB 265**. This bill would install a timeline of 60 days for the Kansas Department of Credit Unions to respond to credit union bylaw amendments and clarify the appeals process via the KS administrative procedures act. Credit unions would like statutory certainty in what they can expect from their regulator when they apply for changes. (Attachment 3)

John Smith was neutral when he spoke on **SB 265**. By-laws have to be approved by the Administrator before by-laws go into effect.

Leslie Kaufman, President/CEO of the Kansas Cooperative Council presented written testimony in support of **SB 265**. (Attachment 4)

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The hearing on **SB 265** was closed by the Chair.

*Senator Masterson moved, seconded by Senator Schmidt, that **SB2 265** be passed out of committee on to the floor of the Senate. Motion carried.*

Chair Teichman adjourned the meeting at 10:15 am. The next meeting is January 26, 2012.

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