

SENATE BILL No. 129

By Committee on Financial Institutions and Insurance

2-5

1 AN ACT concerning the state bank commissioner; pertaining to fees;
2 pertaining to costs of certain hearings; amending K.S.A. 9-804 and
3 K.S.A. 2012 Supp. 9-1111, 9-1135, 9-1402, 9-1804, 9-2107, 9-2108
4 and 9-2111 and repealing the existing sections.
5

6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 9-804 is hereby amended to read as follows: 9-804.
8 When the capital of any bank or trust company shall have been paid in, the
9 president or cashier shall transmit to the commissioner a verified statement
10 showing the names and addresses of all stockholders, the amount of stock
11 each subscribed, and the amount paid in by each. The commissioner shall
12 examine such bank or trust company and shall charge the statutory
13 examination fee and shall examine especially as to the amount of money
14 paid in for capital, surplus and undivided profits, by whom paid, and the
15 amount of capital stock owned in good faith by each stockholder, and
16 generally whether such bank or trust company has complied with the
17 provisions of law. If the commissioner finds from such examination that
18 the bank or trust company has been organized as provided by law, has
19 complied with the provisions of law and has secured the preliminary
20 approval of the commissioner as authorized by subsection (b) of K.S.A. 9-
21 1801, and amendments thereto, or the approval of the board, the
22 commissioner shall issue a certificate showing that such bank or trust
23 company has been organized and its capital paid in as required by law, and
24 that it is authorized to transact a general banking or trust business as
25 provided by law. *The bank commissioner may charge a fee for a letter of*
26 *good standing. The amount of such fee shall be established by rules and*
27 *regulations adopted by the bank commissioner.*

28 Sec. 2. K.S.A. 2012 Supp. 9-1111 is hereby amended to read as
29 follows: 9-1111. The general business of every bank shall be transacted at
30 the place of business specified in its certificate of authority and at one or
31 more branch banks established and operated as provided in this section.
32 Except for the establishment or operation of a trust branch bank or the
33 relocation of an existing trust branch bank pursuant to K.S.A. 9-1135, and
34 amendments thereto, it shall be unlawful for any bank to establish and
35 operate any branch bank or relocate an existing branch bank except as
36 hereinafter provided. Notwithstanding the provisions of this section, any

1 location at which a depository institution, as defined by K.S.A. 9-701, and
2 amendments thereto, receives deposits, renews time deposits, closes loans,
3 services loans or receives payments on loans or other obligations, as agent,
4 for a bank pursuant to subsection (25) of K.S.A. 9-1101, and amendments
5 thereto, or other applicable state or federal law, or is authorized to open
6 accounts or receive deposits under subsection (28) of K.S.A. 9-1101, and
7 amendments thereto, shall not be deemed to be a branch bank:

8 (a) For the purposes of this section, the term "branch bank" means
9 any office, agency or other place of business located within this state, other
10 than the place of business specified in the bank's certificate of authority, at
11 which deposits are received, checks paid, money lent or trust authority
12 exercised, if approval has been granted by the state bank commissioner,
13 under K.S.A. 9-1602, and amendments thereto;

14 (b) establishment of a new branch or relocation of an existing branch
15 for eligible banks:

16 (1) After first applying for and obtaining the approval of the
17 commissioner, an eligible bank incorporated under the laws of this state,
18 may establish and operate one or more branch banks or relocate an
19 existing branch bank, anywhere within this state;

20 (2) the application shall include the nature of the banking business to
21 be conducted at the proposed branch bank, the primary geographical area
22 to be served by it, the personnel and office facilities to be provided at the
23 proposed branch bank and other information the commissioner may
24 require;

25 (3) the application shall include the name selected for the proposed
26 branch bank. The name selected for the proposed branch bank shall not be
27 the name of any other bank or branch bank doing business within a 15
28 mile radius of the same city or town, nor shall the name selected be
29 required to contain the name of the applicant bank. If the name selected for
30 the proposed branch bank does not contain the name of the applicant bank,
31 the branch bank shall provide in the public lobby of such branch bank, a
32 public notice that it is a branch bank of the applicant bank;

33 (4) the application shall include proof of publication of notice that the
34 applicant bank intends to file or has filed an application to establish a
35 branch bank or relocate an existing branch bank. The notice shall be
36 published in a newspaper of general circulation in the county where the
37 applicant bank proposes to locate the branch bank. The notice shall be in
38 the form prescribed by the commissioner and at a minimum shall contain
39 the name and address of the applicant bank, the location of the proposed
40 branch and a solicitation for written comments. The notice shall be
41 published on the same day for two consecutive weeks and provide for a
42 comment period of not less than 10 days after the date of the second
43 publication;

1 (5) upon receipt of the application, and following expiration of the
2 comment period, the commissioner may hold a hearing in the county in
3 which the applicant bank seeks to operate the branch bank. *The applicant*
4 *shall be responsible for paying the actual costs associated with the public*
5 *hearing.* The applicant shall publish notice of the time, date and place of
6 such hearing in a newspaper of general circulation in the county where the
7 applicant bank proposes to locate the branch bank, not less than 10 nor
8 more than 30 days prior to the date of the hearing, and proof of publication
9 shall be filed with the commissioner. At any such hearing, all interested
10 persons shall be allowed to present written and oral evidence to the
11 commissioner, or the commissioner's designee, in support of or in
12 opposition to the branch bank. Upon completion of a transcript of the
13 testimony given at any such hearing, the transcript shall be filed in the
14 office of the commissioner;

15 (6) if the commissioner determines a public hearing is not warranted,
16 the commissioner shall approve or disapprove the application within 15
17 days after receipt of a complete application but not prior to the end of the
18 comment period. If a public hearing is held, the commissioner shall
19 approve or disapprove the application within 60 days after consideration of
20 the complete application and the evidence gathered during the
21 commissioner's investigation. The period for consideration of the
22 application may be extended if the commissioner determines the
23 application presents a significant supervisory concern. If the commissioner
24 finds that:

25 (A) There is a reasonable probability of usefulness and success of the
26 proposed branch bank; and

27 (B) the applicant bank's financial history and condition is sound, the
28 new branch or relocation shall be granted, otherwise, it shall be denied;

29 (7) within 15 days after any final action of the commissioner
30 approving or disapproving an application, the applicant, or any adversely
31 affected or aggrieved person who provided written comments during the
32 specified comment period, may request a hearing with the state banking
33 board. Upon receipt of a timely request, the board shall conduct a hearing
34 in accordance with the provisions of the Kansas administrative procedure
35 act. Any decision of the state banking board is subject to review in
36 accordance with the Kansas judicial review act;

37 (c) establishment of a new branch or relocation of an existing branch
38 for banks which do not meet the definition of "eligible bank":

39 (1) After first applying for and obtaining the approval of the state
40 banking board, a bank incorporated under the laws of this state, which
41 does not meet the definition of "eligible bank," may establish and operate
42 one or more branch banks, or relocate an existing branch bank, anywhere
43 within this state;

1 (2) an application under paragraph (1) of this subsection, to establish
2 and operate a branch bank or to relocate an existing branch bank shall be
3 in such form and contain such information as the rules and regulations of
4 the state bank commissioner, adopted pursuant to K.S.A. 9-1713, and
5 amendments thereto, shall provide;

6 (3) the application shall include estimates of the annual income and
7 expenses of the proposed branch bank, the annual volume of business to be
8 transacted by it, the nature of the banking business to be conducted at the
9 proposed branch bank, the primary geographical area to be served by it
10 and the personnel and office facilities to be provided at the proposed
11 branch bank;

12 (4) the application shall include the name selected for the proposed
13 branch bank. The name selected for the proposed branch bank shall not be
14 the name of any other bank or branch bank doing business within a 15
15 mile radius of the same city or town, nor shall the name selected be
16 required to contain the name of the applicant bank. If the name selected for
17 the proposed bank does not contain the name of the applicant bank, the
18 branch bank shall provide in the public lobby of such branch bank, a
19 public notice that it is a branch bank of the applicant bank;

20 (5) the application shall include proof of publication of notice that
21 applicant bank intends to file an application to establish a branch bank or
22 relocate an existing branch bank. The notice shall be published in a
23 newspaper of general circulation in the county where the applicant bank
24 proposes to locate the branch bank. The notice shall be in the form
25 prescribed by the state banking board and at a minimum shall contain the
26 name and address of the applicant bank, the location of the proposed
27 branch and a solicitation for written comments. The notice shall be
28 published on the same day for two consecutive weeks and provide for a
29 comment period of not less than 10 days after the date of the second
30 publication;

31 (6) upon receipt of an application meeting the above requirements,
32 and following the expiration of the comment period, within 60 days the
33 state banking board may hold a hearing in the county in which the
34 applicant bank seeks to establish and operate a branch bank. Notice of the
35 time, date and place of such hearing if one is to be held shall be published
36 in a newspaper of general circulation in the county where the applicant
37 bank proposes to locate the branch bank not less than 10 or more than 30
38 days prior to the date of the hearing, and proof of publication shall be filed
39 with the commissioner. At any such hearing, all interested persons shall be
40 allowed to present written and oral evidence to the board in support of or
41 in opposition to the application. Upon completion of a transcript of the
42 testimony given at any such hearing, the transcript shall be filed in the
43 office of the commissioner and copies shall be furnished to the members of

1 the state banking board not less than 10 days prior to the meeting of the
2 board at which the application will be considered;

3 (7) the state banking board shall approve or disapprove the
4 application within 90 days after consideration of the application and the
5 evidence gathered during the board's investigation. If the board finds that:

6 (A) There is a reasonable probability of usefulness and success of the
7 proposed branch bank; and

8 (B) the applicant bank's financial history and condition is sound, the
9 application shall be granted, otherwise, the application shall be denied;

10 (8) any final action of the board approving or disapproving an
11 application shall be subject to review in accordance with the Kansas
12 judicial review act upon the petition of the applicant or any adversely
13 affected or aggrieved person who provided written comments during the
14 specified comment period;

15 (d) any branch bank lawfully established and operating on the
16 effective date of this act may continue to be operated by the bank then
17 operating the branch bank and by any successor bank;

18 (e) branch banks which have been established and are being
19 maintained by a bank at the time of its merger into or consolidation with
20 another bank or at the time its assets are purchased and its liabilities are
21 assumed by another bank may continue to be operated by the surviving,
22 resulting or purchasing and assuming bank. The surviving, resulting or
23 purchasing and assuming bank, with approval of the state bank
24 commissioner, may establish and operate a branch bank or banks at the site
25 or sites of the merged, constituent or liquidated bank or banks;

26 (f) any state bank or national banking association may provide and
27 engage in banking transactions by means of remote service units wherever
28 located, which remote service units shall not be considered to be branch
29 banks. Any banking transaction effected by use of a remote service unit
30 shall be deemed to be transacted at a bank and not at a remote service unit;

31 (g) as a condition to the operation and use of any remote service unit
32 in this state, a state bank or national banking association, each hereinafter
33 referred to as a bank, which desires to operate or enable its customers to
34 utilize a remote service unit must agree that such remote service unit will
35 be available for use by customers of any other bank or banks upon the
36 request of such bank or banks to share its use and the agreement of such
37 bank or banks to share all costs, including a reasonable return on capital
38 expenditures incurred in connection with its development, installation and
39 operation. The owner of the remote service unit, whether a bank or any
40 other person, shall make the remote service unit available for use by other
41 banks and their customers on a nondiscriminatory basis, conditioned upon
42 payment of a reasonable proportion of all costs, including a reasonable
43 return on capital expenditures incurred in connection with the

1 development, installation and operation of the remote service unit.
2 Notwithstanding the foregoing provisions of this subsection, a remote
3 service unit located on the property owned or leased by the bank where the
4 principal place of business of a bank, or an attached auxiliary teller facility
5 or branch bank of a bank, is located need not be made available for use by
6 any other bank or banks or customers of any other bank or banks;

7 (h) for purposes of this section, "remote service unit" means an
8 electronic information processing device, including associated equipment,
9 structures and systems, through or by means of which information relating
10 to financial services rendered to the public is stored and transmitted,
11 whether instantaneously or otherwise, to a bank and which, for activation
12 and account access, is dependent upon the use of a machine-readable
13 instrument in the possession and control of the holder of an account with a
14 bank. The term shall include "online" computer terminals and "offline"
15 automated cash dispensing machines and automated teller machines, but
16 shall not include computer terminals or automated teller machines or
17 automated cash dispensing machines using systems in which account
18 numbers are not machine read and verified. Withdrawals by means of
19 "offline" systems shall not exceed \$300 per transaction and shall be
20 restricted to individual not corporate or commercial accounts;

21 (i) for purposes of this section, "eligible bank" means a state bank
22 that meets the following criteria:

23 (1) Received a composite rating of 1 or 2 under the uniform financial
24 institutions rating system as a result of its most recent federal or state
25 examination;

26 (2) meets the following three criteria for a well capitalized bank:

27 (A) Has a total risk based capital ratio of 10% or greater;

28 (B) has a tier one risk based capital ratio of 6% or greater; and

29 (C) has a leverage ratio of 5% or greater; and

30 (3) is not subject to a cease and desist order, consent order, prompt
31 corrective action directive, written agreement, memorandum of
32 understanding or other administrative agreement with its primary federal
33 regulator or the office of the state bank commissioner.

34 Sec. 3. K.S.A. 2012 Supp. 9-1135 is hereby amended to read as
35 follows: 9-1135. (a) Notwithstanding the requirements contained in K.S.A.
36 9-1111, and amendments thereto, a bank incorporated under the laws of
37 this state may establish or operate a trust branch bank anywhere in this
38 state.

39 (b) As used in this section, the term "trust branch bank" means any
40 office, agency or other place of business located within this state, other
41 than the place of business specified in the bank's certificate of authority,
42 the sole purpose of which is to exercise those trust powers granted to the
43 bank by the commissioner pursuant to K.S.A. 9-1602, and amendments

1 thereto. No trust branch bank established or operated pursuant to this
2 section shall be authorized to receive deposits, pay checks or lend money
3 without first applying for and obtaining approval as provided in K.S.A. 9-
4 1111, and amendments thereto.

5 (c) No bank shall establish or operate a trust branch bank or relocate
6 an existing trust branch bank until the bank has applied for and obtained
7 approval from the commissioner as provided by this section.

8 (d) An application to establish a trust branch bank as provided in this
9 section shall be in such form and contain such information as is required
10 by the commissioner and shall include certified copies of the following
11 documents:

12 (1) The written action taken by the board of directors of the bank
13 approving the proposed trust branch bank or the relocation of an existing
14 trust branch bank;

15 (2) all other required regulatory approvals; and

16 (3) an affidavit of publication of notice of intent to file an application
17 to establish or operate a trust branch bank or relocate an existing trust
18 branch bank. The publication of the notice shall be on the same day for
19 two consecutive weeks in the official newspaper of the city or county
20 where the proposed trust branch bank is to be located. The notice shall be
21 in the form prescribed by the commissioner and shall contain the name of
22 the applicant, the location of the proposed trust branch bank, the proposed
23 date of filing of the application with the commissioner, a solicitation for
24 written comments concerning the application and a notice of the public's
25 right to file a written request for a public hearing for the purpose of
26 presenting oral or written evidence regarding the proposed trust branch
27 bank. All comments and requests for public hearing shall be filed with the
28 commissioner on or before the 30th day after the date the application is
29 filed.

30 (e) A bank making application to the commissioner for approval of a
31 trust branch bank pursuant to this section shall pay to the commissioner a
32 fee, in an amount established by rules and regulations of the commissioner,
33 adopted pursuant to K.S.A. 9-1713, and amendments thereto, to defray the
34 expenses of the commissioner or designee in the examination and
35 investigation of the application. The commissioner shall remit all amounts
36 received under this section to the state treasurer in accordance with the
37 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
38 each such remittance, the state treasurer shall deposit the entire amount in
39 the state treasury to the credit of a separate account in the state treasury for
40 each application. The moneys in each such account shall be used to pay the
41 expenses of the commissioner or designee in the examination and
42 investigation of the application to which it relates and any unused balance
43 shall be transferred to the bank commissioner fee fund.

1 (f) Upon the filing of any such application with the commissioner, the
2 commissioner shall make or cause to be made, a careful examination and
3 investigation concerning:

4 (1) The reasonable probability of usefulness and success of the
5 proposed trust branch bank;

6 (2) the applicant bank's financial history and condition including the
7 character, qualifications and experience of the officers employed by the
8 bank; and

9 (3) whether the proposed trust branch bank can be established
10 without undue injury to properly conducted existing banks, national
11 banking associations and trust companies.

12 If the commissioner determines any of such matters unfavorably to the
13 applicants, the application shall be disapproved, but if not, the application
14 shall be approved.

15 (g) If no written request for public hearing is filed, the commissioner
16 shall render approval or disapproval of the application within 60 days after
17 the date upon which the application was filed.

18 (h) If a written request for public hearing is filed, the commissioner
19 shall hold a public hearing in a location determined by the commissioner
20 within 30 days of the close of the comment period. *The applicant shall be*
21 *responsible for paying the actual costs associated with the public hearing.*
22 Notice of the time, date and place of such hearing shall be published, by
23 the applicant, in a newspaper of general circulation in the county where the
24 proposed trust branch bank is to be located, not less than 10 or more than
25 30 days prior to the date of the hearing, and an affidavit of publication
26 shall be filed with the commissioner. At any such hearing, all interested
27 persons shall be allowed to present written and oral evidence to the
28 commissioner in support of or in opposition to the application. Upon
29 completion of a transcript of the testimony given at such hearing, the
30 transcript shall be filed in the office of the commissioner. Within 14 days
31 after the public hearing, the commissioner shall approve or disapprove the
32 application after consideration of the application and evidence gathered
33 during the commissioner's investigation.

34 (i) The commissioner may extend the period for approval or
35 disapproval if the commissioner determines that any information required
36 by this section has not been furnished, any material information submitted
37 is inaccurate or additional investigation is required. The commissioner,
38 prior to expiration of the application period provided in this section, shall
39 give written notice to the applicant of the commissioner's intent to extend
40 the period. Such notice shall include a specific date for expiration of the
41 extension period. If any information remains incomplete or inaccurate
42 upon the expiration of the extension period the application shall be
43 disapproved.

1 (j) Within 15 days after the date of the commissioner's approval or
2 disapproval of the application, the applicant or any individual or
3 corporation who filed a request for and presented evidence at the public
4 hearing shall have the right to appeal in writing to the state banking board
5 the commissioner's determination by filing a notice of appeal with the
6 commissioner. The board shall fix a date for a hearing, which hearing shall
7 be held within 45 days from the date the notice of appeal is filed. The
8 board shall conduct the hearing in accordance with the provisions of the
9 Kansas administrative procedure act and render its decision affirming or
10 rescinding the determination of the commissioner. Any action of the board
11 pursuant to this section is subject to review in accordance with the Kansas
12 judicial review act. Any party which files an appeal of the commissioner's
13 determination to the board shall pay to the commissioner a fee in an
14 amount established by rules and regulations of the commissioner, adopted
15 pursuant to K.S.A. 9-1713, and amendments thereto, to defray the board's
16 expenses associated with the conduct of the appeal.

17 (k) When the commissioner determines that any bank domiciled in
18 this state has established or is operating a trust branch bank in violation of
19 the laws governing the operation of such bank, the commissioner shall
20 give written notice to the bank of such determination. Within 15 days after
21 receipt of such notification, the bank shall have the right to appeal in
22 writing to the board the commissioner's determination. The board shall fix
23 a date for hearing, which hearing shall be held within 45 days after the
24 date of such appeal and shall be conducted in accordance with the
25 provisions of the Kansas administrative procedure act. At such hearing the
26 board shall hear all matters relevant to the commissioner's determination
27 and shall approve or disapprove the commissioner's determination, and the
28 decision of the board shall be final and conclusive. If the bank does not
29 appeal to the board from the commissioner's determination or if an appeal
30 is made and the commissioner's determination is upheld by the board, the
31 commissioner may proceed as provided in K.S.A. 9-1714, and
32 amendments thereto, until such time as the commissioner determines the
33 bank is in full compliance with the laws governing the operation of a trust
34 branch bank.

35 Sec. 4. K.S.A. 2012 Supp. 9-1402 is hereby amended to read as
36 follows: 9-1402. (a) Before any deposit of public moneys or funds shall be
37 made by any municipal corporation or quasi-municipal corporation of the
38 state of Kansas with any bank, savings and loan association or savings
39 bank, such municipal or quasi-municipal corporation shall obtain security
40 for such deposit in one of the following manners prescribed by this
41 section.

42 (b) Such bank, savings and loan association or savings bank may give
43 to the municipal corporation or quasi-municipal corporation a personal

1 bond in double the amount which may be on deposit at any given time.

2 (c) Such bank, savings and loan association or savings bank may give
3 a corporate surety bond of some surety corporation authorized to do
4 business in this state, which bond shall be in an amount equal to the public
5 moneys or funds on deposit at any given time less the amount of such
6 public moneys or funds which is insured by the federal deposit insurance
7 corporation or its successor and such bond shall be conditioned that such
8 deposit shall be paid promptly on the order of the municipal corporation or
9 quasi-municipal corporation making such deposits.

10 (d) Such bank, savings and loan association or savings bank may
11 deposit, maintain, pledge, assign, and grant a security interest in, or cause
12 its agent, trustee, wholly-owned subsidiary or affiliate having identical
13 ownership to deposit, maintain, pledge, assign, and grant a security interest
14 in, for the benefit of the governing body of the municipal corporation or
15 quasi-municipal corporation in the manner provided in this act, securities,
16 security entitlements, financial assets and securities accounts owned by the
17 depository institution directly or indirectly through its agent or trustee
18 holding securities on its behalf, or owned by the depository institutions
19 wholly-owned subsidiary or by such affiliate, the market value of which is
20 equal to 100% of the total deposits at any given time, and such securities,
21 security entitlements, financial assets and securities accounts, may be
22 accepted or rejected by the governing body of the municipal corporation or
23 quasi-municipal corporation and shall consist of the following and security
24 entitlements thereto:

25 (1) Direct obligations of, or obligations that are insured as to principal
26 and interest by, the United States of America or any agency thereof and
27 obligations, including but not limited to letters of credit, and securities of
28 United States sponsored corporations which under federal law may be
29 accepted as security for public funds;

30 (2) bonds of any municipal corporation or quasi-municipal
31 corporation of the state of Kansas which have been refunded in advance of
32 their maturity and are fully secured as to payment of principal and interest
33 thereon by deposit in trust, under escrow agreement with a bank, of direct
34 obligations of, or obligations the principal of and the interest on which are
35 unconditionally guaranteed by, the United States of America;

36 (3) bonds of the state of Kansas;

37 (4) general obligation bonds of any municipal corporation or quasi-
38 municipal corporation of the state of Kansas;

39 (5) revenue bonds of any municipal corporation or quasi-municipal
40 corporation of the state of Kansas if approved by the state bank
41 commissioner in the case of banks and by the savings and loan
42 commissioner in the case of savings and loan associations or federally
43 chartered savings banks;

1 (6) temporary notes of any municipal corporation or quasi-municipal
2 corporation of the state of Kansas which are general obligations of the
3 municipal or quasi-municipal corporation issuing the same;

4 (7) warrants of any municipal corporation or quasi-municipal
5 corporation of the state of Kansas the issuance of which is authorized by
6 the state court of tax appeals and which are payable from the proceeds of a
7 mandatory tax levy;

8 (8) bonds of either a Kansas not-for-profit corporation or of a local
9 housing authority that are rated at least Aa by Moody's Investors Service
10 or AA by Standard & Poor's Corp.;

11 (9) bonds issued pursuant to K.S.A. 12-1740 et seq., and amendments
12 thereto, that are rated at least MIG-1 or Aa by Moody's Investors Service
13 or AA by Standard & Poor's Corp.;

14 (10) notes of a Kansas not-for-profit corporation that are issued to
15 provide only the interim funds for a mortgage loan that is insured by the
16 federal housing administration;

17 (11) bonds issued pursuant to K.S.A. 74-8901 through 74-8916, and
18 amendments thereto;

19 (12) bonds issued pursuant to K.S.A. 68-2319 through 68-2330, and
20 amendments thereto;

21 (13) commercial paper that does not exceed 270 days to maturity and
22 which has received one of the two highest commercial paper credit ratings
23 by a nationally recognized investment rating firm; or

24 (14) (A) negotiable promissory notes together with first lien
25 mortgages on one to four family residential real estate located in Kansas
26 securing payment of such notes when such notes or mortgages:

27 (i) Are underwritten by the federal national mortgage association, the
28 federal home loan mortgage corporation, the federal housing
29 administration or the veterans administration standards; or are valued
30 pursuant to rules and regulations which shall be adopted by both the state
31 bank commissioner and the savings and loan commissioner after having
32 first being submitted to and approved by both the state banking board
33 under K.S.A. 9-1713, and amendments thereto, and the savings and loan
34 board. Such rules and regulations shall be published in only one place in
35 the Kansas administrative regulations as directed by the state rules and
36 regulations board;

37 (ii) have been in existence with the same borrower for at least two
38 years and with no history of any installment being unpaid for 30 days or
39 more; and

40 (iii) are valued at not to exceed 50% of the lesser of the following
41 three values: Outstanding mortgage balance; current appraised value of the
42 real estate; or discounted present value based upon current federal national
43 mortgage association or government national mortgage association interest

1 rates quoted for conventional, federal housing administration or veterans
2 administration mortgage loans.

3 (B) Securities under (A) shall be taken at their value for not more
4 than 50% of the security required under the provisions of this section.

5 (C) Securities under (A) shall be withdrawn immediately from the
6 collateral pool if any installment is unpaid for 30 days or more.

7 (D) A status report on all such loans shall be provided to the investing
8 governmental entity by the financial institution on a quarterly basis.

9 (e) No such bank, savings and loan association or savings bank may
10 deposit and maintain for the benefit of the governing body of a municipal
11 or quasi-municipal corporation of the state of Kansas, any securities which
12 consist of:

13 (1) Bonds secured by revenues of a utility which has been in
14 operation for less than three years; or

15 (2) bonds issued under K.S.A. 12-1740 et seq., and amendments
16 thereto, unless such bonds have been refunded in advance of their maturity
17 as provided in subsection (d) or such bonds are rated at least Aa by
18 Moody's Investors Service or AA by Standard & Poor's Corp.

19 ~~(f) Any expense incurred in connection with granting approval of~~
20 ~~revenue bonds shall be paid by the applicant for approval~~ *Any person*
21 *making an application for the commissioner's approval of a revenue bond*
22 *shall pay the commissioner a fee. The amount of such fee shall be*
23 *established by rules and regulations adopted by the commissioner.*

24 Sec. 5. K.S.A. 2012 Supp. 9-1804 is hereby amended to read as
25 follows: 9-1804. (a) No bank or trust company incorporated under the laws
26 of this state shall change its place of business, from one city or town to
27 another or from one location to another within the same city or town,
28 without prior approval. Any such bank or trust company desiring to change
29 its place of business shall file written application with the office of the
30 state bank commissioner in such form and containing such information as
31 the board and the commissioner shall require. Notice of the proposed
32 relocation shall be published in a newspaper of general circulation in the
33 county where the main bank or trust company is currently located and in
34 the county to which the bank or trust company proposes to relocate. The
35 notice shall be in the form prescribed by the commissioner and at a
36 minimum shall contain the name and address of the applicant bank or trust
37 company, the address of the proposed new location and a solicitation for
38 written comments. The notice shall be published on the same day for two
39 consecutive weeks and provide for a comment period of not less than 10
40 calendar days after the date of the second publication. The applicant shall
41 provide proof of publication to the commissioner.

42 (b) If the applicant is an eligible bank or an eligible trust company,
43 the commissioner shall examine and investigate the application. If the

1 commissioner determines:

2 (1) There is a reasonable probability of usefulness and success of the
3 bank or trust company in the proposed location; and

4 (2) the applicant bank's or trust company's financial history and
5 condition is sound, the application shall be approved, otherwise, it shall be
6 denied.

7 (c) Within 15 days after any final action of the commissioner
8 approving or disapproving an application, the applicant, or any adversely
9 affected or aggrieved person who provided written comments during the
10 specified comment period, may request a hearing with the state banking
11 board. Upon receipt of a timely request, the board shall conduct a hearing
12 in accordance with the provisions of the Kansas administrative procedure
13 act. *Any party requesting a public hearing pursuant to this section shall*
14 *pay the actual expenses associated with such hearing.* Any decision of the
15 state banking board is subject to review in accordance with the Kansas
16 judicial review act.

17 (d) If a bank does not meet the definition of an eligible bank or a trust
18 company does not meet the definition of an eligible trust company, the
19 state banking board shall examine and investigate the application. If the
20 board determines:

21 (1) There is a reasonable probability of usefulness and success of the
22 bank or trust company in the proposed location; and

23 (2) the applicant bank's or trust company's financial history and
24 condition is sound, the application shall be approved, otherwise, it shall be
25 denied.

26 (e) Any final action of the board approving or disapproving an
27 application shall be subject to review in accordance with the Kansas
28 judicial review act upon the petition of the applicant, or any adversely
29 affected or aggrieved person who provided written comments during the
30 specified comment period.

31 ~~(f) The expenses of such examination and investigation shall be paid~~
32 ~~by the bank or trust company which shall deposit with the commissioner a~~
33 ~~fee in an amount~~ *A person making application pursuant to this section*
34 *shall pay a fee to the commissioner. The amount of such fee shall be*
35 established by rules and regulations adopted by the commissioner. The
36 commissioner shall remit all amounts received under this section to the
37 state treasurer in accordance with the provisions of K.S.A. 75-4215, and
38 amendments thereto. Upon receipt of each such remittance, the state
39 treasurer shall deposit the entire amount in the state treasury to the credit
40 of a separate special account in the state treasury for each application. The
41 moneys in each such account shall be used only to pay the expenses of the
42 examination and investigation to which it relates, and any unused portion
43 of such deposit shall be transferred to the bank commissioner fee fund.

1 (g) For purposes of this section:

2 (1) "Eligible bank" means a state bank that meets the following
3 criteria:

4 (A) Received a composite rating of 1 or 2 under the uniform financial
5 institutions rating system as a result of its most recent federal or state
6 examination;

7 (B) meets the following three criteria for a well capitalized bank:

8 (i) Has a total risk based capital ratio of 10% or greater;

9 (ii) has a tier one risk based capital ratio of 6% or greater; and

10 (iii) has a leverage ratio of 5% or greater; and

11 (C) is not subject to a cease and desist order, consent order, prompt
12 corrective action directive, written agreement, memorandum of
13 understanding or other administrative agreement with its primary federal
14 regulator or the office of the state bank commissioner; and

15 (2) "eligible trust company" means a state chartered trust company
16 that meets the following criteria:

17 (A) Received a composite rating of 1 or 2 under the uniform
18 interagency trust rating system as a result of its most recent state
19 examination; and

20 (B) is not subject to a cease and desist order, consent order, written
21 agreement, memorandum of understanding or other administrative
22 agreement with the office of the state bank commissioner.

23 Sec. 6. K.S.A. 2012 Supp. 9-2107 is hereby amended to read as
24 follows: 9-2107. (a) As used in this section:

25 (1) "Contracting trustee" means any trust company, as defined in
26 K.S.A. 9-701, and amendments thereto, any bank that has been granted
27 trust authority by the state bank commissioner under K.S.A. 9-1602, and
28 amendments thereto, or any national bank chartered to do business in
29 Kansas that has been granted trust authority by the comptroller of the
30 currency under 12 U.S.C. § 92a, or any bank that has been granted trust
31 authority or any trust company, regardless of where such bank or trust
32 company is located, and which is controlled, as defined in K.S.A. 9-1612,
33 and amendments thereto, by the same bank holding company as any trust
34 company, state bank or national bank chartered to do business in Kansas,
35 which accepts or succeeds to any fiduciary responsibility as provided in
36 this section;

37 (2) "originating trustee" means any trust company, bank, national
38 banking association, savings and loan association or savings bank which
39 has trust powers and its principal place of business is in this state and
40 which places or transfers any fiduciary responsibility to a contracting
41 trustee as provided in this section;

42 (3) "financial institution" means any bank, national banking
43 association, savings and loan association or savings bank which has its

1 principal place of business in this state but which does not have trust
2 powers.

3 (b) Any contracting trustee and any originating trustee may enter into
4 an agreement by which the contracting trustee, without any further
5 authorization of any kind, succeeds to and is substituted for the originating
6 trustee as to all fiduciary powers, rights, duties, privileges and liabilities
7 with respect to all accounts for which the originating trustee serves in any
8 fiduciary capacity, except as may be provided otherwise in the agreement.
9 Notwithstanding the provisions of this section, no contracting trustee as
10 defined in K.S.A. 9-2107(a)(1), and amendments thereto, having its home
11 office outside the state of Kansas shall enter into an agreement except with
12 an originating trustee which is commonly controlled as defined in K.S.A.
13 9-1612, and amendments thereto, by the same bank holding company.

14 (c) Unless the agreement expressly provides otherwise, upon the
15 effective date of the substitution:

16 (1) The contracting trustee shall be deemed to be named as the
17 fiduciary in all writings, including, without limitation, trust agreements,
18 wills and court orders, which pertain to the affected fiduciary accounts;

19 (2) the originating trustee is absolved from all fiduciary duties and
20 obligations arising under such writings and shall discontinue the exercise
21 of any fiduciary duties with respect to such writings, except that the
22 originating trustee is not absolved or discharged from any duty to account
23 required by K.S.A. 59-1709, and amendments thereto, or any other
24 applicable statute, rule of law, rules and regulations or court order, nor
25 shall the originating trustee be absolved from any breach of fiduciary duty
26 or obligation occurring prior to the effective date of the agreement.

27 (d) The agreement may authorize the contracting trustee:

28 (1) To establish a trust service desk at any office of the originating
29 trustee at which the contracting trustee may conduct any trust business and
30 any business incidental thereto and which the contracting trustee may
31 otherwise conduct at its principal place of business; and

32 (2) to engage the originating trustee as the agent of the contracting
33 trustee, on a disclosed basis to customers, for the purposes of providing
34 administrative, advertising and safekeeping services incident to the
35 fiduciary services provided by the contracting trustee.

36 (e) Any contracting trustee may enter into an agreement with a
37 financial institution providing that the contracting trustee may establish a
38 trust service desk as authorized by subsection (d) in the offices of such
39 financial institution and which provides such financial institution, on a
40 disclosed basis to customers, may act as the agent of contracting trustee for
41 purposes of providing administrative services and advertising incident to
42 the fiduciary services to be performed by the contracting trustee.

43 (f) No activity authorized by subsections (b) through (e) shall be

1 conducted by any contracting trustee, originating trustee or financial
2 institution until an application for such authority has been submitted to and
3 approved by the commissioner. The application shall be in the form and
4 contain the information required by the commissioner, which shall at a
5 minimum include certified copies of the following documents:

6 (1) The agreement;

7 (2) the written action taken by the board of directors of the
8 originating trustee or financial institution approving the agreement;

9 (3) all other required regulatory approvals;

10 (4) an affidavit of publication of notice of intent to file the application
11 with the commissioner. Publication of the notice shall be on the same day
12 for two consecutive weeks in the official newspaper of the city or county
13 where the principal office of the originating trustee or financial institution
14 is located. The notice shall be in the form prescribed by the commissioner
15 and shall contain the name of the applicant contracting trustee, the
16 originating trustee or financial institution, the proposed date of filing of the
17 application with the commissioner, a solicitation for written comments
18 concerning the application, and a notice of the public's right to file a
19 written request for a public hearing for the purpose of presenting oral or
20 written evidence regarding the proposed agreement. All comments and
21 requests for public hearing shall be filed with the commissioner on or
22 before the 30th day after the date the application is filed; and

23 (5) a certification by the parties to the agreement that written notice
24 of the proposed substitution was sent by first-class mail to each
25 cofiduciary, each surviving settlor of a trust, each ward of a guardianship,
26 each person who has sole or shared power to remove the originating
27 trustee as fiduciary and each adult beneficiary currently receiving or
28 entitled to receive a distribution of principle or income from a fiduciary
29 account affected by the agreement, and that such notice was sent to each
30 such person's address as shown in the originating trustee's records. An
31 unintentional failure to give such notice shall not impair the validity or
32 effect of any such agreement, except an intentional failure to give such
33 notice shall render the agreement null and void as to the party not
34 receiving the notice of substitution.

35 (g) A contracting trustee making application to the commissioner for
36 approval of any agreement pursuant to this section shall pay to the
37 commissioner a fee, in an amount established by rules and regulations of
38 the commissioner adopted pursuant to K.S.A. 9-1713, and amendments
39 thereto, to defray the expenses of the commissioner or designee in the
40 examination and investigation of the application. The commissioner shall
41 remit all amounts received under this section to the state treasurer in
42 accordance with the provisions of K.S.A. 75-4215, and amendments
43 thereto. Upon receipt of each such remittance, the state treasurer shall

1 deposit the entire amount in the state treasury to the credit of a separate
2 account in the state treasury for each application. The money in each such
3 account shall be used to pay the expenses of the commissioner, or designee
4 in the examination and investigation of the application to which it relates
5 and any unused balance shall be transferred to the bank commissioner fee
6 fund.

7 (h) Upon the filing of any such application with the commissioner,
8 the commissioner shall make or cause to be made, a careful examination
9 and investigation concerning:

10 (1) The reasonable probability of usefulness and success of the
11 contracting trustee;

12 (2) the financial history and condition of the contracting trustee
13 including the character, qualifications and experience of the officers
14 employed by the contracting trustee; and

15 (3) whether the contracting agreement will result in any undue injury
16 to properly conducted existing banks, national banks and trust companies.

17 If the commissioner shall determine any of such matters unfavorably to
18 the applicants, the application shall be disapproved, but if not, then the
19 application shall be approved.

20 (i) If no written request for public hearing is filed, the commissioner
21 shall render approval or disapproval of the application within 60 days of
22 the date upon which the application was filed.

23 (j) If a written request for public hearing is filed, the commissioner
24 shall hold within 30 days of the close of the comment period, a public
25 hearing in a location determined by the commissioner. *The applicant shall*
26 *be responsible for paying the actual costs associated with the public*
27 *hearing.* Notice of the time, date and place of such hearing shall be
28 published by the applicant in a newspaper of general circulation in the
29 county where the originating trustee or financial institution is located, not
30 less than 10 nor more than 30 days prior to the date of the hearing, and an
31 affidavit of publication shall be filed with the commissioner. At any such
32 hearing, all interested persons may present written and oral evidence to the
33 commissioner in support of or in opposition to the application. Upon
34 completion of a transcript of the testimony given at any such hearing, the
35 transcript shall be filed in the office of the commissioner. Within 14 days
36 after the public hearing, the commissioner shall approve or disapprove the
37 application after consideration of the application and evidence gathered
38 during the commissioner's investigation.

39 (k) The commissioner may extend the period for approval or
40 disapproval if the commissioner determines that any information required
41 by this section has not been furnished, any material information submitted
42 is inaccurate or additional investigation is required. The commissioner,
43 prior to expiration of the application period provided for by this section,

1 shall give written notice to each party to the agreement of the
2 commissioner's intent to extend the period which shall include a specific
3 date for expiration of the extension period. If any information remains
4 incomplete or inaccurate upon the expiration of the extension period the
5 application shall be disapproved.

6 (l) Within 15 days of the date of the commissioner's approval or
7 denial, the applicant or any individual or corporation who filed a request
8 for and presented evidence at the public hearing shall have the right to
9 appeal in writing to the state banking board the commissioner's
10 determination by filing a notice of appeal with the commissioner. The state
11 banking board shall fix a date for hearing, which hearing shall be held
12 within 45 days after such notice of appeal is filed. The board shall conduct
13 the hearing in accordance with the provisions of the Kansas administrative
14 procedure act and render its decision affirming or rescinding the
15 determination of the commissioner. Any action of the board pursuant to
16 this section is subject to review in accordance with the Kansas judicial
17 review act. Any party which files an appeal to the state banking board of
18 the commissioner's determination shall pay to the commissioner a fee in an
19 amount established by rules and regulations of the commissioner, adopted
20 pursuant to K.S.A. 9-1713, and amendments thereto, to defray the board's
21 expenses associated with the conduct of the appeal.

22 (m) When the commissioner determines that any contracting trustee
23 domiciled in this state has entered into a contracting agreement in violation
24 of the laws governing the operation of such contracting trustee, the
25 commissioner shall give written notice to the contracting trustee and the
26 originating trustee or financial institution of such determination. Within 15
27 days after receipt of such notification, the contracting trustee and
28 originating trustee or financial institution shall have the right to appeal in
29 writing to the state banking board the commissioner's determination. The
30 board shall fix a date for hearing, which shall be held within 45 days after
31 the date of the appeal and shall be conducted in accordance with the
32 Kansas administrative procedure act. At such hearing the board shall hear
33 all matters relevant to the commissioner's determination and shall approve
34 or disapprove the commissioner's determination. The decision of the board
35 shall be final and conclusive. If the contracting trustee does not appeal to
36 the board from the commissioner's determination or if an appeal is made
37 and the commissioner's determination is upheld by the board, the
38 commissioner may proceed as provided in K.S.A. 9-1714, and
39 amendments thereto, until such time as the commissioner determines the
40 contracting trustee, originating trustee and financial institution are in full
41 compliance with the laws governing the operation of a contracting trustee
42 and originating trustee or financial institution.

43 (n) Any party entitled to receive a notice under subsection (f)(5) may

1 file a petition in the court having jurisdiction over the fiduciary
2 relationship, or if none, in the district court in the county where the
3 originating trustee has its principal office, seeking to remove any
4 contracting trustee substituted or about to be substituted as fiduciary
5 pursuant to this section. Unless the contracting trustee files a written
6 consent to its removal or a written declination to act subsequent to the
7 filing of the petition, the court, upon notice and hearing, shall determine
8 the best interest of the petitioner and all other parties concerned and shall
9 fashion such relief as it deems appropriate in the circumstances, including
10 the awarding of reasonable attorney fees. The right to file a petition under
11 this subsection shall be in addition to any other rights to remove fiduciary
12 provided by any other statute or regulation or by the writing creating the
13 fiduciary relationship. If the removal of the fiduciary is prompted solely as
14 a result of the contracting agreement, any reasonable cost associated with
15 such removal and transfer, not to exceed \$200 per account, shall be paid by
16 the originating trustee or financial institution entering into the agreement.

17 Sec. 7. K.S.A. 2012 Supp. 9-2108 is hereby amended to read as
18 follows: 9-2108. It is unlawful for any trust company to establish or
19 operate a trust service office or relocate an existing trust service office
20 except as provided in this act.

21 (a) As used in this section: "Trust service office" means any office,
22 agency or other place of business located within this state other than the
23 place of business specified in the trust company's certificate of authority, at
24 which the powers granted to trust companies under K.S.A. 9-2103, and
25 amendments thereto, are exercised. For the purposes of this section, any
26 activity in compliance with K.S.A. 9-2107, and amendments thereto, does
27 not constitute a trust service office.

28 (b) After first applying for and obtaining the approval of the
29 commissioner under this section, one or more trust service offices may be
30 established or operated in any city within this state by a trust company
31 incorporated under the laws of this state.

32 (c) An application to establish or operate a trust service office or to
33 relocate an existing trust service office shall be in such form and contain
34 such information as required by the commissioner and shall include
35 certified copies of the following documents:

36 (1) The written action taken by the board of directors of the trust
37 company approving the establishment or operation of the proposed trust
38 service office or the proposed relocation of the trust service office;

39 (2) all other required regulatory approvals; and

40 (3) an affidavit of publication of notice of intent to file an application
41 to establish or operate a trust service office or relocate an existing trust
42 service office. Publication of the notice shall be on the same day for two
43 consecutive weeks in the official newspaper of the city where the proposed

1 trust service office is to be located. The notice shall be in the form
2 prescribed by the commissioner and shall contain the name of the
3 applicant, the location of the proposed trust service office, the proposed
4 date of filing of the application with the commissioner, a solicitation for
5 written comments concerning the application and a notice of the public's
6 right to file a written request for a public hearing for the purpose of
7 presenting oral or written evidence regarding the proposed trust service
8 office. All comments and requests for public hearing shall be filed with the
9 commissioner on or before the 30th day after the date the application is
10 filed.

11 (d) A trust company making application to the commissioner for
12 approval of a trust service office under this section shall pay to the
13 commissioner a fee, in an amount established by rules and regulations of
14 the commissioner, adopted pursuant to K.S.A. 9-1713, and amendments
15 thereto, to defray the expenses of the commissioner or designee in the
16 examination and investigation of the application. The commissioner shall
17 remit all amounts received under this section to the state treasurer in
18 accordance with the provisions of K.S.A. 75-4215, and amendments
19 thereto. Upon receipt of each such remittance, the state treasurer shall
20 deposit the entire amount in the state treasury to the credit of a separate
21 account in the state treasury for each application. The moneys in each such
22 account shall be used to pay the expenses of the commissioner or designee
23 in the examination and investigation of the application to which it relates
24 and any unused balance shall be transferred to the bank commissioner fee
25 fund.

26 (e) Upon filing of any such application with the commissioner, the
27 commissioner shall make or cause to be made, a careful examination and
28 investigation concerning:

29 (1) The reasonable probability of usefulness and success of the
30 proposed trust service office;

31 (2) the applicant trust company's financial history and condition
32 including the character, qualifications and experience of the officers
33 employed by the trust company; and

34 (3) whether the proposed trust service office can be established
35 without undue injury to properly conducted existing banks, national
36 banking associations and trust companies. If the commissioner determines
37 any of such matters unfavorably to the applicants, the application shall be
38 disapproved, but if not, the application shall be approved.

39 (f) If no written request for public hearing is filed, the commissioner
40 shall render approval or disapproval of the application within 60 days of
41 the date upon which the application was filed.

42 (g) If a written request for public hearing is filed, the commissioner
43 shall hold a public hearing in a location determined by the commissioner

1 within 30 days of the close of the comment period. *The applicant shall be*
2 *responsible for paying the actual costs associated with the public hearing.*
3 Notice of the time, date and place of the hearing shall be published by the
4 applicant in a newspaper of general circulation in the county where the
5 proposed trust service office is to be located, not less than 10 or more than
6 30 days prior to the date of the hearing, and an affidavit of publication
7 shall be filed with the commissioner. At any such hearing, all interested
8 persons shall be allowed to present written and oral evidence to the
9 commissioner in support of or in opposition to the application. Upon
10 completion of a transcript of the testimony given at any such hearing, the
11 transcript shall be filed in the office of the commissioner. Within 14 days
12 after the public hearing, the commissioner shall approve or disapprove the
13 application after consideration of the application and evidence gathered
14 during the commissioner's investigation.

15 (h) The commissioner may extend the period for approval or
16 disapproval if the commissioner determines that any information required
17 by this section has not been furnished, any material information submitted
18 is inaccurate or additional investigation is required. The commissioner,
19 prior to expiration of the application period as provided in this section,
20 shall give written notice to the applicant of the commissioner's intent to
21 extend the period and such notice shall include a specific date for
22 expiration of the extension period. If any information remains incomplete
23 or inaccurate upon the expiration of the extension period the application
24 shall be disapproved.

25 (i) Within 15 days of the date after the commissioner's approval or
26 disapproval of the application, the applicant or any individual or
27 corporation who filed a request for and presented evidence at the public
28 hearing shall have the right to appeal in writing to the state banking board
29 the commissioner's determination, by filing a notice of appeal with the
30 commissioner. The state banking board shall fix a date for a hearing, which
31 hearing shall be held within 45 days from the date such notice of appeal is
32 filed. The board shall conduct the hearing in accordance with the
33 provisions of the Kansas administrative procedure act and render its
34 decision affirming or rescinding the determination of the commissioner.
35 Action of the board pursuant to this section is subject to review in
36 accordance with the Kansas judicial review act. Any party which files an
37 appeal to the state banking board of the commissioner's determination
38 shall pay to the commissioner a fee in an amount established by rules and
39 regulations of the commissioner, adopted pursuant to K.S.A. 9-1713, and
40 amendments thereto, to defray the board's expenses associated with the
41 conduct of the appeal.

42 (j) When the commissioner determines that a trust company
43 domiciled in this state has established or is operating a trust service office

1 in violation of the laws governing the operation of such trust company, the
2 commissioner shall give written notice to the trust company of such
3 determination. Within 15 days after receipt of such notification, the trust
4 company may appeal in writing to the state banking board the
5 commissioner's determination. The board shall fix a date for hearing,
6 which hearing shall be held within 45 days from the date of such appeal
7 and shall be conducted in accordance with the provisions of the Kansas
8 administrative procedure act. At such hearing the board shall hear all
9 matters relevant to the commissioner's determination and shall approve or
10 disapprove the commissioner's determination, and the decision of the
11 board shall be final and conclusive. If the trust company does not appeal to
12 the state banking board from the commissioner's determination or if an
13 appeal is made and the commissioner's determination is upheld by the
14 board, the commissioner may proceed as provided in K.S.A. 9-1714, and
15 amendments thereto, until such time as the commissioner determines the
16 trust company is in full compliance with the laws governing the operation
17 of a trust service office.

18 Sec. 8. K.S.A. 2012 Supp. 9-2111 is hereby amended to read as
19 follows: 9-2111. (a) Except as provided in K.S.A. 9-2107, and
20 amendments thereto, no trust company, trust department of a bank,
21 corporation or other business entity, the home office of which is located
22 outside the state of Kansas, shall establish or operate a trust facility within
23 the state of Kansas, unless the laws of the state where the home office of
24 the nonresident trust company, trust department of a bank, corporation or
25 other business entity is located, reciprocally authorize a Kansas chartered
26 trust company, trust department of a bank, corporation or other business
27 entity to establish or operate a trust facility within that state.

28 (b) Before any nonresident trust company, trust department of a bank,
29 corporation or other business entity establishes a trust facility in Kansas, a
30 copy of the application submitted to the home state, and proof that the
31 home state has reciprocity with Kansas, must be filed by the applicant with
32 the commissioner.

33 (c) No Kansas trust company shall establish an out-of-state trust
34 facility until an application has been filed with the commissioner and
35 approval has been received. An application filed pursuant to this section
36 shall be subject to the provisions in K.S.A. 9-2108, and amendments
37 thereto.

38 (d) No Kansas bank with a trust department shall establish an out-of-
39 state trust facility until an application has been filed with the commissioner
40 and approval has been received. An application filed pursuant to this
41 section shall be subject to the provisions in K.S.A. 9-1135, and
42 amendments thereto.

43 (e) *A Kansas trust company or Kansas bank making application to*

1 *the commissioner for approval to establish a trust facility pursuant to*
2 *subsection (c) or (d) shall pay to the commissioner a fee. The amount of*
3 *such fee shall be established by rules and regulations of the commissioner*
4 *adopted pursuant to K.S.A. 9-1713, and amendments thereto. The*
5 *commissioner shall remit all amounts received under this section to the*
6 *state treasurer in accordance with the provisions of K.S.A. 75-4215, and*
7 *amendments thereto. Upon receipt of each such remittance, the state*
8 *treasurer shall deposit the entire amount in the state treasury to the credit*
9 *of a separate account in the state treasury for each application. The*
10 *money in each such account shall be used to pay the expenses of the*
11 *commissioner, or commissioner's designee in the examination and*
12 *investigation of the application to which it relates and any unused balance*
13 *shall be transferred to the bank commissioner fee fund.*

14 *(f) As used in this section, "trust facility" means any office, agency,*
15 *desk or other place of business, at which trust business is conducted.*

16 Sec. 9. K.S.A. 9-804 and K.S.A. 2012 Supp. 9-1111, 9-1135, 9-1402,
17 9-1804, 9-2107, 9-2108 and 9-2111 are hereby repealed.

18 Sec. 10. This act shall take effect and be in force from and after its
19 publication in the statute book.