

SESSION OF 2013

SUPPLEMENTAL NOTE ON SENATE BILL NO. 113

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 113 would amend statutes governing the loan approval process and certain reporting requirements for credit unions.

The bill would raise the threshold from \$20,000 to \$50,000 for loans, in aggregate, that credit unions are authorized to make to directors, credit committee members, and supervisory committee members. Under existing law, loans exceeding this threshold must be approved by the credit committee or duly authorized loan officer and the Board of Directors.

The bill also would change a requirement that loans made to these credit union representatives be reported to the Administrator semiannually, to require that reporting on an annual basis.

Additionally, the bill would add credit managers to the list of credit union representatives authorized to approve loans.

The bill also would eliminate a lending and repayment provision for certain farm loans.

Background

The bill was introduced at the request of the Kansas Credit Union Association (KCUA). A representative of the

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

KCUA appeared in support of the bill, indicating raising the threshold for loans made to directors, credit committee members, and supervisory committee members would provide credit unions with additional flexibility in their lending practices. It was noted that the last time the lending threshold was increased was in 1997, when the lending limit was increased from \$10,000 to the current amount of \$20,000. The KCUA representative also indicated language relating to certain farm loans was deleted as it is no longer relevant due to federal regulatory requirements and the mortgage contract process. The Administrator of the Kansas Department of Credit Unions spoke in support of the bill. There were no opponents present at the Senate Committee hearing.

The Senate Committee recommended the bill be placed on the consent calendar.

The fiscal note prepared by the Division of the Budget indicates passage of the bill would have no fiscal effect.