

SENATE BILL No. 335

By Committee on Financial Institutions and Insurance

1-26

Proposed amendment to SB 335
House Financial Institutions and Pensions Committee
March 7, 2018
Prepared by David Wiese, Office of Revisor of Statutes

1 AN ACT concerning financial institutions; relating to banks and banking;
2 including savings and loan associations and savings banks in the state
3 banking code; repealing the savings and loan code; amending K.S.A.
4 2017 Supp. 9-701, 9-808, 9-809, 9-901a, 9-902, 9-903, 9-904, 9-905, 9-
5 906, 9-907, 9-908, 9-910, 9-911, 9-912, 9-1101, 39-709, 58-3974, 75-
6 3036 and 75-3170a and repealing the existing sections; also repealing
7 K.S.A. 17-5101, 17-5102, 17-5201, 17-5202, 17-5203, 17-5204, 17-
8 5205, 17-5206, 17-5207, 17-5208, 17-5209, 17-5210, 17-5211, 17-
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1 5705, 17-5706, 17-5801, 17-5802, 17-5803, 17-5804, 17-5805, 17-
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 4 5822, 17-5823, 17-5824, 17-5825, 17-5826, 17-5827, 17-5830, 17-
 5 5831 and 17-5832 and K.S.A. 2017 Supp. 17-5225d, 17-5610, 17-5701,
 6 17-5828 and 17-5829.

7
 8 *Be it enacted by the Legislature of the State of Kansas:*

9 New Section 1. (a) Subject to the terms of its articles of incorporation
 10 and bylaws, and rules and regulations of the commissioner, a mutual [state]
 11 bank may:

12 (1) Raise funds through deposit, share or other accounts, including
 13 demand deposit accounts, hereafter referred to as "accounts"; and

14 (2) issue passbooks, certificates or other evidence of accounts.

15 (b) No mutual [state] bank shall permit any overdraft, including an
 16 intra-day overdraft, on behalf of an affiliate, or incur any overdraft in its
 17 account at a federal reserve bank or federal home loan bank on behalf of
 18 an affiliate.

19 (c) A mutual [state] bank may require no less than a 14-day notice prior
 20 to payment of savings accounts, if the articles of incorporation or bylaws
 21 of the bank or the rules and regulations of the commissioner so provide.

22 (d) If a mutual [state] bank does not pay all withdrawals in full, subject
 23 to the right of the bank, where applicable, to require notice, the payment of
 24 withdrawals from accounts shall be subject to the provisions prescribed by
 25 the bank's articles of incorporation or bylaws or the rules and regulations
 26 of the commissioner. Except as authorized in writing by the commissioner,
 27 any mutual [state] bank that fails to make full payment of any withdrawal
 28 when due shall be deemed to be in an unsafe or unsound condition.

29 (e) A depositor of a mutual [state] bank shall be a voting member and
 30 shall have such ownership interest in the bank as may be provided in the
 31 articles of incorporation and bylaws of the bank.

32 (f) The articles of incorporation and the bylaws of a mutual [state] bank
 33 may provide that all borrowers from the bank are members and, if so, shall
 34 provide for their rights and privileges.

35 (g) All savings accounts and demand accounts shall have the same
 36 priority upon liquidation.

37 (h) This section shall be a part of and supplemental to the state
 38 banking code.

39 New Sec. 2. (a) No savings and loan association or savings bank may
 40 make any investment under this section if the association's aggregate
 41 outstanding investment ~~under this section~~ *in a service corporation* would
 42 exceed 3% of the association's assets. Not less than 1/2 of the investment
 43 permitted under this section that exceeds 1% of the association's assets

strike "state"

1 association, state savings and loan or federal savings association, without
 2 regard to the state where the institution is chartered or the state in which
 3 the institution's main office is located.

4 (p) "Student bank" means any nonprofit program offered by a high
 5 school accredited by the state board of education, where deposits are
 6 received, checks are paid or money is lent for limited in-school purposes.

7 (q) "Stock bank" means a bank that has an ownership structure
 8 represented by stock.

9 (r) "Mutual ~~[state]~~ bank" means a bank that does not have an
 10 ownership structure represented by stock.

11 (s) "Savings and loan association" or "savings bank" means a bank
 12 that is required to have qualified thrift investments that equal or exceed
 13 65% of its portfolio assets, and its qualified thrift investments are required
 14 to equal or exceed 65% of its assets on a monthly average basis in nine
 15 out of every 12 months. For purposes of this subsection, "portfolio assets"
 16 and "qualified thrift investments" have the same meanings as in 12 U.S.C.
 17 § 1467a, as amended.

18 Sec. 8. K.S.A. 2017 Supp. 9-808 is hereby amended to read as
 19 follows: 9-808. (a) Any national bank, federal savings association or
 20 federal savings bank organized under the laws of the United States and
 21 located in this state may become a state bank upon the affirmative vote of
 22 not less than $\frac{2}{3}$ of the institution's outstanding voting stock *or members*.
 23 Any national bank, federal savings association or federal savings bank
 24 desiring to become a state bank shall apply to the commissioner for
 25 permission to convert to a state bank and:

26 (1) Shall submit a transcript of the minutes of the meeting of the
 27 institution's stockholders *or members* showing approval of the proposed
 28 conversion;

29 (2) the name selected for the bank shall not be the name of any other
 30 bank: (A) doing business in the same city or town; or

31 (B) within a 15-mile radius of the location of the converted
 32 institution. The name shall be accepted or rejected by the commissioner,
 33 although any bank may request exemption from the commissioner from
 34 this paragraph; and

35 (3) provide any other information required in the application form
 36 prescribed by the commissioner.

37 (b) A federal savings association or federal savings bank operating in
 38 a mutual form *and which seeks to become a stock bank* must also convert
 39 to a stock form prior to converting to a state bank and shall submit
 40 appropriate documentation to the commissioner to show that the
 41 appropriate federal regulator has approved such mutual to stock
 42 conversion.

43 (c) Upon receipt of each of the items required by this section the

strike "state"