



# Trust Division

A DIVISION of KBA

**March 7, 2022**

**To: House Committee on Financial Institutions and Rural Development  
Representative Jim Kelly, Chairman**

**From: Joe Karnes, CTFA-Trust Division, Kansas Bankers Association**

**Re: Written Proponent Testimony – Sub SB 400**

Mr. Chairman and committee members, I am Joe Karnes providing this testimony on behalf of the Trust Division of the Kansas Bankers Association. The Trust Division of the KBA has been working to support Kansas banks for more than 100 years. We thank you for the opportunity to provide testimony in support of Sub SB 400 which will modernize Kansas Trust Law. We believe the proposed changes will make Kansas Banks and Trust Companies more competitive and better able to serve our state's residents with their estate planning.

Let me begin with changing the definition of resident trust. By making the proposed change, trusts created in Kansas will avoid potential double taxation. That is not possible under the current statute, KSA 79-32, 109 (d). Law firms in Kansas, who are licensed to practice law in Missouri are going across the state line now to write trusts there to take advantage of the proposed change. Adopting Sub SB 400 will keep that business in Kansas and give our citizens better tax treatment.

The second part of the proposed changes I want to address is to expand the list of uses for non-judicial settlement agreements. The current statute is 58a-111. We support expanding the list to include the Missouri and Tennessee provisions. These changes will not alter any material purpose of a trust, but it will make it easier and more cost effective for trustees to administer trusts when all interested parties are in agreement.

The last item in Sub SB 400 I wish to bring to the committee's attention is the increase in the cap for termination of uneconomic trusts. The current statute is 58a-414. The cap now is set at \$100,000 and it has not be raised since the early 2000s. Like everything else inflation has made the cost to administer trusts more expensive. We support raising the cap to \$250,000.

Thank you for the opportunity to provide written proponent testimony on Sub SB 400. When the Committee considers acting on this legislation, we respectfully ask for favorable consideration.

Mr. Chairman, if you or any committee member have questions or require additional information, please contact me at [joeka@centralnational.com](mailto:joeka@centralnational.com) or 785-838-1962.