

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE.

The meeting was called to order by Chairperson Ray Cox at 3:30 p.m. on February 12, 2003 in Room 527-S of the Capitol.

All members were present except: Representative Rob Boyer - Excused
Representative Larry Campbell - Excused
Representative Vaughn Flora - Excused
Representative Kenny Wilk - Excused

Committee staff present: Dr. Bill Wolff, Legislative Research
Bruce Kinzie, Revisor of Statutes
Maggie Breen, Secretary

Conferees appearing before the committee: Barbara Hinton, Legislative Post Auditor
Derl S. Treff, Pooled Money Investment Board
Kathy Taylor Olsen, Kansas Bankers Association

Others attending: See attached

Chairman Cox opened the hearing on **SB 8 - Pooled money investment board, comparative investment performance review and audit of investment program.**

Proponents:

Barbara Hinton, Legislative Post Auditor, spoke in favor of **SB 8.** She said the bill would implement a recommendation from her staff and the Legislative Post Audit Committee for eliminating overlapping audit requirements relating to the Pooled Money Investment Board. Consolidating the requirements could save as much as \$8,000 each time the performance review is done. (**Attachment 1**)

Derl S. Treff, Director of Investments, Pooled Money Investment Board, said he was in agreement with Barbara Hinton's testimony. The scope of the two audits is essentially the same and the biennial audit could be eliminated without sacrificing the audit scope and at the same time save the State money. (**Attachment 2**)

Chairman Cox closed the hearing on **SB 8** and opened the hearing on **HB 2224 - Banking powers, purchase annuity.**

Proponents:

Kathy Taylor Olsen, Kansas Bankers Association, spoke in favor of **HB 2224.** The bill would add a new

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subsection to K.S.A. 9-1101. It would allow a state-chartered bank to purchase an annuity for the sole purpose of funding an employee deferred compensation or benefit plan. The purchase would be subject to the limitations prescribed by rules and regulations that will be adopted by the State Bank Commissioner. **(Attachment 3)**

Sonya Allen, General Counsel, Office of State Bank Commissioner (OSBC), spoke in favor of **HB 2224**. The issue of an annuity has arisen because a bank, that had an insurance policy in place, was encouraged by the insurance company who sold them the plan, to convert it to an annuity. The bank did convert the policy, but did not consider the lack of any legal authority to hold the investment. If the legislation is passed, the OSBC will enact regulations to govern the scope of this new authority. **(Attachment 4)**

Chairman Cox closed the hearing on **HB 2224**.

Chairman Cox asked what the Committee's pleasure was on **SB 8**.

Representative Sharp moved to accept **SB8** and move it out favorably for passage. Representative Dillmore seconded the motion. The motion carried.

Chairman Cox asked what the Committee's pleasure was on **HB 2244**.

Representative Grant moved to move **HB 2244** out favorably for passage. Representative Dreher seconded the motion. The motion carried.

Chairman Cox presented the minutes of February 5 for approval.

Representative Grant moved to accept the minutes as written. Representative Vickrey seconded the motion. The motion carried.

The meeting adjourned at 3:39 p.m.

The date of the next meeting will be determined later.

When it became apparent that the committee would not meet again this year, the minutes of the February 12 meeting were sent around to the committee asking for any additions or corrections before March 19th when they would be considered approved. There was one correction, Rep. Campbell's first name was shown as Bob in error. It was corrected to Larry.