



Trust Division

A DIVISION of KBA

February 2, 2022

**To: Senate Committee on Financial Institutions and Insurance
Senator Jeff Longbine, Chairman**

From: Joe Karnes, CTFI-Trust Division, Kansas Bankers Association

Re: Written Proponent Testimony –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 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 administered in Kansas will avoid potential double taxation. That is not possible under the current statute, KSA 79-32, 109(d). As currently written, all trusts administered in the state are resident trusts. Law firms in Kansas are able to take advantage of the different definitions of resident trusts and have drafted documents having the trusts be administered in Missouri and our other bordering states. If SB 400 is passed, Kansas will be able to administer trusts for residents of other states and our industry will flourish.

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 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 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 or 785-838-1962.