

STATE AFFAIRS COMMITTEE

February 4, 1963

The meeting was called to order by the Chairman who introduced Mr. John Dean to discuss H. B. 3 and to introduce others who would speak. Mr. Dean stated that the bankers felt this was a bad bill and that he desired to correct some mis-statements that had been made concerning the proposal. Mr. A. R. Zook of Lawrence, was introduced. He stated that he was with the Chamber of Commerce, and that this proposal was a source of real concern for the Chamber; that this bill, if enacted, would adversely affect the economic development in Kansas. He used specific examples of how such a measure might affect the economy, and stated that Kansas banks, in comparison to banks of neighboring states, were in somewhat of a decline, or at least a standstill, and that the passage of this bill would accelerate deterioration.

Mr. Dean pointed out that while the County Auditor for Sedgwick County had stated that certain of their county funds were invested that it was illegal and as a matter of fact, that they had an opinion from the Attorney General that they should not do this, but had ignored the opinion and were in fact in violation of the statutes. He suggested that instead of worrying about investing funds that perhaps they had a surplus and should cut down the budget the next year so as to do away with excesses and relieve the taxpayers of so much burden. Mr. Dean suggested that perhaps the law should be tightened instead of loosened as regards the deposit of public funds; particularly school funds should be guaranteed 100%.

Mr. Dick Royer of St. Marys was introduced to further discuss the proposal. He stated that he is from a small bank of about 3½ million deposit and serving about 1400 people. He stated that the passage of this bill would deter economic development in the communities. He explained in detail about the "multiplying factor" of deposits and how this sum properly applied could multiply itself, but if invested in government securities would be inhibiting community growth. He suggested that most of the local governing bodies would not be properly informed or trained to properly invest funds entrusted to them. He suggested that if legislature really wanted to help the taxpayer, they might enact legislation so that taxes be paid four times a year instead of once; that it would cost little if any more to administer and would keep the money in circulation longer.