



Date: February 6, 2025

To: House Committee on Commerce, Labor and Economic Development
Representative Sean Tarwater, Chair

From: Alex Orel, Senior Vice President, Government Relations, KBA

Re: Opposition Testimony for HB 2119

Mr. Chair and committee members, I am Alex Orel on behalf of the Kansas Bankers Association (KBA). It is also my pleasure to introduce Kelly VanZwoll, Vice President – Government Relations and J.W. Wells, KBA’s Ag Bankers Division Coordinator & Government Relations Assistant. We look forward to being a resource for you and the committee as you consider economic development issues in the coming weeks and months. Thank you for the opportunity to submit testimony on HB 2119 and share our concerns.

Kansas Bankers Association Background Information:

The KBA, founded in 1887, is a voluntary, non-profit trade association governed by its membership. The KBA is headquartered in Topeka, Kansas, and is led by our 24-member board of directors. The KBA staff, which President/CEO Doug Wareham leads, includes 42 professionals, including 15 attorneys licensed in 5 states, that provide services to Kansas bankers ranging from legislative advocacy to educational training to insurance services to legal and regulatory compliance support. Our mission statement is:

"The Kansas Bankers Association strengthens and supports the Kansas banking industry by advocating for sound financial policies, promoting innovation, and fostering economic growth across the state to ensure a vibrant financial future for all Kansans."

KBA's membership includes 98% of the headquartered banks in Kansas. Our membership also includes 20 out-of-state commercial banks operating in Kansas. Our member banks employ more than 21,000 Kansans that provide financial services in every county across the state. While our member banks range in assets from the smallest in our state to the largest in our state, each member bank that belongs to the KBA has one vote on policy positions adopted by either our general membership or our Board of Directors. One member, one vote.



HB 2119—Opposition Testimony

First, we acknowledge the fiscal concerns surrounding the Kansas Affordable Housing Tax Credit program and support the legislature's efforts to continue researching its effectiveness. However, we urge the Committee to consider collaborating with the Kansas Housing Resources Corporation (KHRC) and other stakeholders to make adjustments to the program, such as implementing a cap or reducing the duration for which the credit can be claimed. Given the persistent housing shortage in Kansas, it is crucial to maintain a diverse set of tools for housing development.

In the event that the program must be eliminated, we strongly recommend amending the existing language to protect tax credits allocated in 2023, 2024, and 2025. Many projects from 2023 and 2024 are already in mid-construction and were financially structured with the assumption of receiving these awarded credits. Revoking these credits could severely impact the financial viability of these projects. It is also essential to include 2025 in this consideration, as developers have already submitted applications for upcoming projects. Without protection, all these applications would need to be redone, and the KHRC would have to accept new submissions at a later date.

While our primary concern is safeguarding the already allocated tax credits, we are also worried about the potential consequences of abruptly terminating this program on Kansas and its relationship with developers. One of the objectives of the previous housing legislation was to attract housing developers back to Kansas. If we eliminate this program without considering those already allocated credits, there is a risk that developers may perceive Kansas as unfavorable for business and choose to leave the state again. Maintaining a vibrant building and business environment is essential for the continued growth of our state.

We sincerely appreciate your time and attention to this matter. When the Committee deliberates HB 2119, we respectfully request you consider amending the language to address the above concerns. Thank you for the opportunity to provide testimony and if you have questions or require additional information later, please get in touch with me at aorel@ksbankers.com or (785) 232-3444.