

To: Senate Financial Institutions and Insurance
From: John Goodyear, General Counsel
Date: March 13, 2024
RE: Testimony in Support of Substitute for HB 2152

I want to thank Chairwoman Dietrich and the members of the Committee for affording the League of Kansas Municipalities the opportunity to offer our testimony in support of the work and compromise that led to the version of HB 2152 that comes before the Committee today.

Supporting the sustainability of local banks is a worthwhile goal – it is crucial to our state and our communities. The League has always supported this goal in the context of a public-finance system that works for all of Kansas. That said, as originally drafted, HB 2152 presented significant concerns for our member cities. After the hearing, the conferees on both sides of the bill were encouraged to work together to find compromise on this bill, which is what you see before you today. We are grateful to the House Committee for adopting the product of these discussions. The bill as amended will allow local banks to be more competitive for public investment dollars in a way that does not threaten the responsibility of municipal stewardship.

The pooled method of collateralization will help to streamline processes for local banks as they bid for public investments. That—paired with amendments affording local banks two business days to respond to solicitations for bids on municipal investments—will make it easier for local banks to respond and compete for those investment dollars. We appreciate the work that has been done to shore up the method and ensure that banks are fully collateralized as required by the bill.

We are grateful to Chairman Hoheisel for facilitating the meeting between the two sides and for giving us time to work through the differences on the bill. We'd also like to thank Treasurer Johnson for his work on the bill and commitment to find a resolution that appropriately addresses the concerns of all Kansans. As a League, we are grateful to the group of city officials and municipal consultants that engaged on the bill and lent their expertise toward making this bill workable. Finally, we are grateful to the Bankers Association for engaging with us throughout the process and for the work they've done to understand the concerns of local governments and to find the middle ground.

Thank you again for allowing the League to weigh in on the substitute for HB 2152. We would ask that the Committee recommend this compromise bill to the full Senate favorable for passage.