



Senate Financial Institutions and Pensions
Proponent Written Testimony for Sub for HB 2152
Scott J. Schneider, Executive Director
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The Kansas Business Roundtable supports Sub for HB 2152 because it puts the interests of the Kansas taxpayer in their proper place, in the front of the line. This bill replaces outdated investment policies and will have a positive impact on the Kansas economy. By placing more of our Kansas dollars into our own economy, when appropriate, we believe this legislation can make our communities stronger through increased construction of commercial and residential property.

In our KBR newsletter this fall we stated that this approach would, (1) streamline the process for banks to pledge collateral for public deposits, (2) lower the statutory PMIB bank CD program rate to increase the amount of public deposits that Kansas banks can accept, (3) enable banks and municipalities to negotiate mutually beneficial rates, and (4) overhaul linked deposit loan programs to remove outdated restrictions and learn from successes in Missouri and other states that have implemented reform efforts and enjoyed significant economic benefits. The Interim Committee of Pooled Collateral and PMIB Modernization recommended that the linked deposit loan programs be in a separate bill and we look forward to work Kansas Bankers Association and other stakeholders will put into revamping those programs.

This fall, the KBR held a roundtable with our member executives and community partners to receive a full briefing and ask direct questions on this policy change. Our members were able to ask about both the upside and the downside. We appreciate the work the Kansas Bankers Association have done to broadly share this information and lay the groundwork for a meaningful, substantive policy change. We had in attendance the CFO of the City of Wichita. During this presentation the Kansas Bankers Association also discussed matching the bank investment rate with the Municipal Pool investment rate. This piece of the approach requires us all to take a global look at economic development. There could cause a loss in the short-term investment returns, but the long-term effects on the economy of keeping that money in the community must be taken into account. This open conversation, outside the pressures of the legislative session, is one more way to properly vet a meaningful policy change such as HB 2152.

Thank you for considering the passage of Sub for HB 2152. The Kansas Business Roundtable stands in strong support of improving this outdated policy.