



**Date:** February 7, 2024

**To:** Senate Committee on Federal and State Affairs  
Senator Mike Thompson, Chair

**From:** Alex Orel, Senior Vice President – Government Relations  
Kansas Bankers Association

**Re:** SB 446 – Written Opponent Testimony

Chairman and committee members, I am Alex Orel, and I am submitting testimony on behalf of the Kansas Bankers Association (KBA). I am also pleased to submit this testimony on behalf of my colleague Kelly VanZwoll, our Vice President – Government Relations & Staff Attorney. We look forward to being a resource for you and the committee for the remainder of this legislative session. Thank you for the opportunity to submit opponent testimony on SB 446.

**Kansas Bankers Association Background Information:**

The KBA was founded in 1887 and 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 40 professionals, including 13 attorneys, 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 direct:

*"Together, we support our member banks and bankers with leadership, advocacy, and education to benefit the communities and customers they serve."*

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 who provide financial services in every county across the state. While our member banks range in assets from the smallest 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.



**KBA Division & Services:**

While you are all aware that advocacy is an essential role of the KBA, you may not be aware of the vast array of services and support we provide to Kansas banks and Kansas bankers. Those include:

KBA Insurance, Inc. is a subsidiary of the KBA founded in 1900, offers bonding, property & casualty products, cybersecurity, bank director liability insurance, and life and health insurance products for the Kansas banking industry. KBA's self-funded health insurance plan covers over 12,000 Kansans, making it the second-largest group that Blue Cross/Blue Shield covers. Health insurance premiums collected for our self-funded plan totaled more than \$70 million in 2023 and are growing.

KBA's Education & Conferences Departments provide more than 300 training opportunities annually for more than 4,000 bank employees, ranging from high-level economic and investment conferences and seminars to in-depth training for lenders, compliance officers, trust officers, human resource managers, and front-line bank personnel. KBA also invests in financial literacy programs for its customers, focusing on financial literacy for high school students and financial protection for older adults.

The fastest growing division of the association is KBA's Legal & Compliance Department. The department fields more than 4,000 calls annually from Kansas bankers working to comply with the various state and federal regulations governing the Kansas banking industry. Fourteen years ago, we embarked on a new venture to help Kansas banks with our industry's growing regulatory burden. In 2010, our organization formed a new subsidiary, Kansas Bankers Consulting Services, LLC, to provide KBA member banks with compliance, audit, and legal assistance. We currently have 127 banks utilizing these services, and we expect that number to grow. In 2022, we began offering outsourced compliance services to our member banks through Compliance First Banking Solutions and are currently working with ten member banks, with many on the waiting list.

Despite rising regulatory costs, the banking industry remains the backbone of local economies across Kansas, as we all saw through the COVID-19 pandemic that upended our lives. We are proud to say that our member banks stuck in there, remained open throughout the pandemic, and did everything they could to help their customers and communities.

The rest of my testimony will focus on our opponent testimony for HB 2459. Regarding advocacy, the KBA will continue pursuing policies that strengthen the traditional banking industry because strong and vibrant main-street Kansas banks are vital to solid and vibrant Kansas communities.



**SB 446—Opponent Testimony**

In 2023 many states across the U.S. proposed at least one piece of legislation that sought to prohibit or restrict foreign investments and holdings in land located within their states. However, a majority of the bills that successfully passed had narrowed the focus of the bill to Ag/farmland or to those with a national security focus. Many states are focusing on countries and governments that are considered foreign adversaries. The KBA understands the importance of national security and of securing Kansas land. However, we believe the bill as drafted is too broad and could have some unintended economic consequences.

We have some concerns and questions as to how this bill would work practically. Most of the information on entity ownership is not easily accessible. The legislation as drafted only requires the State Land Council to meet at least once a month. How would the Council be able to access this information, and will it be done in a timely way? Prohibiting these types of exchanges and allowing very minor exemptions will significantly slow down land transfers in Kansas.

We also believe this bill could negatively impact the value of Kansas real estate and make Kansas less attractive for business development. The unknown consequences of having any interest in property that could at some point have foreign ownership will cause businesses to rethink their placement in Kansas. In addition to the fact that this could negatively impact the value of the land as collateral. Even in states with well-drafted provisions, underwriters will have to consider if ownership is subject to a divestiture procedure or an encumbrance on title exists at date of policy and enforcement occurs post policy. Each underwriter will have to decide if they are comfortable relying on an exclusion or what would happen if the ownership changes in the future. If the true focus of this bill is a national security concern, then we could recommend tailoring this bill to focus on foreign adversary ownership.

Thank you for the opportunity to submit opponent testimony and we appreciate your consideration of our issues and concerns. If you have questions or require additional information later, please get in touch with me at [aorel@ksbankers.com](mailto:aorel@ksbankers.com) or (785) 232-3444.