



March 12, 2019

To: House Committee on Commerce, Labor and Economic Development

From: Alex Orel, SVP – Government Relations, Kansas Bankers Association

Re: SB 90: Extending the tax credit under the center for entrepreneurship act to financial institutions and increasing the annual tax credit limit for all contributors

Chairman Tarwater and Members of the Committee:

Thank you for the opportunity to appear before you today in support of SB 90. The Kansas Bankers Association (KBA) is a nonprofit trade organization whose membership includes 232 of the commercially chartered banks headquartered in Kansas. Our membership also includes 19 out-of-state commercial banks and 7 savings and loans operating in Kansas. We are pleased to represent 99% of the industry in the state. Our member banks employ more than 13,000 Kansans that provide financial services in more than 400 towns and cities across Kansas.

Senate Bill 90 was requested by the KBA in coordination with NetWork Kansas.

NetWork Kansas and its statewide partners has done a spectacular job of promoting an entrepreneurial culture since its inception in 2004 and statistics on its economic impact speak volumes. Kansas banks and bankers have been with them every step of the way. As many of you already know, the banking industry remains the backbone of local economies across Kansas and are committed to the communities they serve.

The E-Community Partnership is a perfect example of that. The partnership of local business leaders is focused on increasing access to capital, through the Entrepreneurship Tax Credit, and bringing targeted entrepreneurship programming to communities. The leadership team or financial review board across these 60+ partnerships all include a local banker.

Unfortunately, under current law, financial institutions who pay a privilege tax are not eligible for the Entrepreneurship Tax Credit. We believe this was an oversight in the implementation of the Kansas Economic Growth Act of 2004, where it was created to apply to income tax payers. Kansas banks pay income taxes, but under statute is called the “privilege” tax.

In conclusion, these changes would allow banks to participate in the same program, a program they are currently very involved with, and that all other businesses and individuals within in the state can participate in. This bill does not increase tax credits; the maximum annual allocation remains the same.

Thank you, once again, for your time and attention to this issue and we respectfully request that when the Committee considers this bill, it considers it favorably for passage.