

**Kansas Department of Commerce
Neutral Testimony on HB 2398
David Soffer, Legislative & Policy Director
Prepared for House Financial Institutions and Rural Development
March 15, 2021, 9:00 a.m.**

Thank you for allowing us to testify in support of HB 2398. This bill would enact Technology Enabled Fiduciary Financial Institutions.

Having had the opportunity to review the bill and meet with Representative Owens, Brad Heppner and the rest of the team at Beneficiary and various experts across the industry, the Department is truly intrigued by HB 2398 and believe it merits serious consideration before the 2021 session wraps up.

The Department believes this bill would provide an opportunity to bring new dollars into our State that could then be distributed to areas across our State that are in need of revitalization. As we will talk about on Wednesday, our rural communities continue to need investment and opportunities to grow and prosper. Through the Framework for Growth and the Office of Rural Prosperity, that commitment remains true for this administration and this opportunity could build on those efforts.

From the Department's viewpoint, the economic growth zones would provide an opportunity to get capital into some of our smaller communities that are often faced with greater challenges when it comes to development. Whether it be our main streets, improving infrastructure, investing in community assets or the like, this funding has the potential to make real economic development in areas that need it most.

On the other end, we also are always looking for ways to be a national leader. This is an opportunity to be the first state to have a comprehensive statute working with TEFFI's. Similar to Delaware with LLC's and South Dakota when it came to credit cards, we have an opportunity to be a leader in a niche sector that may have serious growth potential and that should be a consideration of the committee.

To be clear, the Kansas Department of Commerce is not an expert on Alternative Asset Investment/Banking and for this reason, we must be neutral on this bill at this time. We appreciate the opportunity to testify on HB 2398 and would be happy to answer any questions.