

Date: January 19, 2021

To: Senate Committee on Financial Institutions and Insurance

From: Kathy Schwerdtfager, Chief Credit Officer  
The Bank of Tescott, Salina

Re: Support for Senate Bill 15  
Economic Recovery Bill

Dear Chairman Longbine and Members of the Committee,

My name is Kathy Schwerdtfager and today I appear on behalf of The Bank of Tescott in Salina, Kansas. Thank you for the opportunity to testify today in support of SB 15.

The Bank of Tescott is a community bank founded in 1887. We have five locations in rural Kansas and provide financial services for the communities of Tescott, Lincoln, Lindsborg, and Salina. Our primary lending focus has always been, and continues to be, agriculture, small business, and residential real estate.

Prior to serving in my current role as Chief Credit Officer, I was an Ag and Commercial Lender at our Lincoln Branch. Not only is community banking my passion, but so is having a positive impact on the customers we serve in our rural communities. To quote Senator Jerry Moran, "Kansans stick together; they work together and in rural communities; they live their lives together."

I truly believe that the passage of SB 15 will allow community banks to provide low interest loans to help Kansas small businesses and also enhance credit opportunities for rural Kansans.

Growing up on a farm and feedlot just outside of rural Tipton, Kansas, I understand the stress our ag producers experience. They have no control over the weather, the markets, trade agreements and many other areas that control the livelihood of their operation. Working with a community bank that can give them access to fair, low-cost credit, is instrumental to their livelihood and the success of the family farm operation.

Granting access to low-cost credit to not only ag producers, but also ag-related small businesses such as local, independent cooperatives, not only helps to ensure the viability of their operation, but to the entire communities they serve. In a rural community, there is a domino effect when the ag industry and small businesses are successful; those dollars flow directly back into the communities they serve.

This legislation also helps small businesses have access to low interest loans. Community banks are getting ramped up again to handle the majority of first and second draw Paycheck Protection Program (PPP) loan requests. Serving the small

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Member  
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businesses of our communities with PPP loans or the Economic Recovery Linked Deposit Loan Program that is part of SB 15, may make the difference in whether or not that small business survives. In the first round of PPP funding, our bank made a \$280 PPP loan. I can tell you that \$280 PPP loan made a difference to that small business owner and they are still open on main street Kansas today because we were able to help them with their credit need. We are proud of the impact we have been able to make in our communities by providing these types of low-cost loans, but we can't do this alone. Programs such as the PPP loan program are only a short-term fix. This bill presents solutions for the long-term. My bank's vision statement is "Committed to those we serve." That statement means more today than it ever has, and I believe this holds true for all Kansas, community banks.

Community banks are the economic lifeblood of our rural communities. This legislation would allow us to offer lower interest rate loans for the businesses we serve, as well as assist borrowers with their home loan needs in our rural areas. This in turn promotes business growth and gives banks an incentive to extend credit to those businesses and individuals that are currently struggling.

Thank you for giving me the opportunity to speak today as this is an imperative issue for all of Kansas. I urge you to vote in favor of the passage of SB 15.

Sincerely,  
Kathy Schwerdtfager  
Chief Credit Officer

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