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**Testimony to the Senate Committee on Financial Institutions & Insurance on House Sub
for HB 2152
March 13, 2025**

The Office of the State Bank Commissioner (OSBC) wishes to express its support for House Sub for HB 2152. This bill will keep taxpayer dollars here in Kansas. Kansas banks and savings and loans will have more assets available to lend to Kansans to grow their businesses, and in turn, improve the Kansas economy.

The OSBC is the safety and soundness regulator for state-chartered banks. This bill will affect all 166 state-chartered and 30 national banks and savings and loans in Kansas. State savings and loans are considered a “bank” under the Kansas Banking Code and are chartered as a bank.

Many Kansas government units have deposits that exceed the Federal Deposit Insurance Corporation’s (FDIC) \$250,000 insurance limit. All banks and savings and loans that accept Kansas government unit deposits must ensure that Kansas government units have additional coverage in the unlikely event the bank fails and the FDIC, as the appointed receiver, is unable to find a bank to purchase and assume the failed bank’s deposits. One of the most common ways a bank or savings and loan accomplishes this is through pledging assets. This requires, on a daily basis, substantial resources on the bank to ensure each Kansas government unit is covered and results in over-pledging as each Kansas government unit receives individual assets pledged towards its amount exceeding the FDIC insurance limit. This bill allows a bank the option to aggregate all Kansas government unit deposits and invest in a fund made up of pledgable securities that only requires 102% of the balances over the FDIC limit. Although this option may require resources from the Kansas Treasurer, it is self-funded by each bank that chooses to exercise this option.

Our office expects that with passage of this bill, Kansas state-chartered bank asset sizes will grow due to a higher compliance rate of Kansas government units using a Kansas bank partner. The OSBC does not anticipate any increase in its expenses. The OSBC appreciates the opportunity to provide background and share our support for House Sub for HB 2152 and thanks the committee for its consideration of this bill.

Sincerely,

Brock Roehler
General Counsel
Office of the State Bank Commissioner