

**Kansas Department of Commerce
Proponent Testimony on SB 288
David Toland, Lt. Governor/Secretary of the Kansas Department of
Commerce
Prepared for Senate Financial Institutions and Insurance
March 29, 2021, 9:30 a.m.**

Thank you for allowing me to testify in support of SB 288. 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, I am truly intrigued by SB 288 and believe it merits serious consideration before the 2021 session wraps up.

I believe this bill would provide an opportunity to bring new dollars into our State that could then be distributed to rural communities that are in need of revitalization. As the Governor has discussed since the start of this administration, 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 SB 288 provides a potential piece to that solution.

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.

We also understand that there is a balloon amendment that will be proposed, if the bill is ultimately worked. This bill would provide the Department the opportunity to use the dollars it will receive to distribute to all economic growth zones and provide a commitment that all organizations/foundations that receive the charitable contribution from a TEFFI, will distribute

those funds accordingly. We believe those dollars should go out to the community on a reasonable timeline and the consulting/reporting will make sure that the Department is not duplicating the efforts of the organization/foundation.

To be clear, the Kansas Department of Commerce is not an expert on Alternative Asset Investment/Banking and for this reason, we encourage you to listen to the testimony that's to follow and ask any questions you see pertinent in understanding the industry. We appreciate the opportunity to testify on SB 288 and would be happy to answer any questions.