



FIRST BANK KANSAS

firstbankkansas.com

Date: January 21, 2020

To: Senate Committee on Financial Institutions and Insurance

From: Kent Buer, President-CEO
First Bank Kansas, Salina

Re: Support for Senate Bill 259
Preserving Local Access to Credit for Kansans

Dear Chairman Olson and Members of the Committee:

My name is Kent Buer and I am appearing on behalf of First Bank Kansas in Salina, Kansas. Thank you for the opportunity to testify today in support of SB 259.

First Bank Kansas is a community bank founded in 1961. We have eight bank locations in rural Kansas. Along with Salina, we provide financial services for the communities of Abilene, Ellsworth, Hutchinson, Lindsborg and McPherson. Our primary lending focus is agriculture, small business and residential real estate.

As we look to the future of banking, I believe that the passage of SB 259 is critical to the accomplishment of these objectives:

1. Revitalize rural communities.
2. Benefit borrowers; and
3. Sustain local access to credit.

As an agricultural bank, we see firsthand the strain in the faces of our agricultural producers and their families. As a former farm kid whose family lost their farm in the 1980's ag crisis, I understand that the fear and stress that these farm families are experiencing is real.

I also experienced the 1980's ag crises as a young bank examiner. The State Banking Department hired 14 additional bank examiners in 1985 to help monitor the many banks that were struggling to survive. Not all banks made it through that depressed economic environment. There were over 600 bank charters in Kansas in 1985. Today there are less than 230 bank charters in our state. I have seen what happens to rural communities when they lose a bank and it's not pretty. Community banks are the economic lifeblood for rural communities and are key to revitalization. It's important for the people in rural communities to have local access to credit from lenders who live and work in these communities.

In comparing what happened in the 1980's to today's climate, I can tell you that for most of our customers, low interest rates are key to keeping them afloat. Low interest rates and continued strong land prices are two primary differences between today and the 1980's ag crises. Agriculture is the backbone of our state's economy and we're not out of the woods yet. I recently spend a day with Dr. David Kohl, a retired professor at Virginia Tech and a nationally known expert on the ag economy. Dr. Kohl predicted that this depressed environment for ag commodity prices could continue for several more years.

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This proposed legislation will help community banks like ours better serve our customers by allowing us to lower our interest rates for the businesses we serve as well as help with housing loans in our market areas with population of 2,500 or less.

I know that our ag customers would agree that the legislature needs to do everything it can to be sure all ag customers have local access to low cost credit. The issue today is not about what banks, or Farm Credit, or credit unions want...rather it's whether the state legislature wants to maintain local access to credit and potentially save family farms.

Thank you for your time in considering this very important issue for Kansas. When you take action on SB 259, I urge you to act favorably on its passage.

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