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To: House Financial Institutions and Rural Development
From: Mark Fuchs, Senior Vice President, First Option Bank
Date: March 2, 2021
RE: Testimony in Support of City Utility Low-Interest Program

I am writing in support of pending efforts aimed at relieving the impact of extraordinarily high utility bills facing our municipalities and by extension their citizens resulting from the extreme temperatures in February.

Across the State, cities are facing serious consequences resulting from "spike payments" for a week that were multiples of what a full month (even January) would normally be. This puts them in a severe cash flow crunch as they must pay the full amount in an immediate lump sum yet collect payments from their citizens and businesses over time while at the same time maintaining adequate statutory reserves. Because of the severity of the increase, it is beyond many constituent's ability to pay in one month. These deferred payment plans will further cripple city budgets still feeling the effects of lower sales tax revenues from the pandemic.

I encourage prompt action to address this issue which directly affects cities and their meter-holding families, businesses, and school districts throughout Kansas.