



Testimony of:

Shan Hanes

before the

Senate Committee on Financial Institutions and Insurance

regarding

Providing Equal Opportunity to Credit for Kansas

January 19, 2021

Mr. Chairman and members of the Committee, Thank You, for holding this hearing regarding equal credit costs for all Kansans. I am Shan Hanes, President/CEO of Heartland Tri-State Bank of Elkhart, Kansas and am here in support of SB 15.

My goal today is for this committee to understand the importance of community banks in rural Kansas and how you can assist in preserving this model.

Our bank is owned by a number of local shareholders who came together in order to purchase the bank and keep a local bank in our small community. Our shareholders include farmers, teachers, ranchers, gas company employees, retired individuals, and even just bankers who had worked for the bank for many years.

I know they expect a return on their investment as some cashed in CD's and some moved retirement savings to purchase shares. I can also say without hesitation that some were motivated to keep the bank locally owned.

Two years ago, I approached those same shareholders with an opportunity to acquire two additional banks in rural communities in which that bank was the only financial institution in town. The desire to grow our bank as well as keep a bank in rural communities motivated us to purchase the banks. During one my visits to the new branches, an older gentleman, who happened to be the Mayor offered me this advice: **For any rural community to stay alive, they must have a grocery store, a school, and a bank. He thanked us for buying the bank to keep their town alive.** I shared this story to the branch manager who then informed me that

he wasn't a customer of the bank before the acquisition. But, felt if there was someone willing to keep the bank open, he needed to support that bank.

In addition to keeping banks in rural communities, we have increased employment. When we purchased the bank, there were a total of 16 employees. Today, we have 28 employees across four locations. An additional 12 full-time jobs in rural Kansas is vitally important to those communities.

I told my story to explain why this bill is so important to my bank and all community banks across Kansas. **In all but one of our locations, we are the only bank in town or said another way, if our bank didn't exist, three rural communities would not have a bank.**

I am proud of our bank structure and ownership; however, without changes made at both the Federal and State level, I fear this structure will not be sustainable. **Community banks are often the primary economic driver in most rural communities.** Consider for a moment the affect on many rural communities if they did not have a local bank presence. How many high school scoreboards, county fair donations, rec team sponsorships, water bottles for the school kids, scholarship donors, civic organization members, Santa Day sponsors, and parade floats are different without the support of a locally owned community bank and its employees.

The passage of SB 15 is critical to the accomplishment of three objectives:

1. Sustain and revitalize rural Kansas communities
2. Benefit all main street and agricultural borrowers with competitive interest rates
3. Maintain access to local credit across the entire state

You came to Topeka to serve Kansas residents and specifically those from your district. This bill offers just that—better serve Kansans by lowering loan rates and raising deposit rates.

This bill will encourage banks to either stay in a rural community or be willing to make an acquisition in a rural community. This bill is about sustaining rural Kansas from both a customer standpoint and business standpoint. **We present an important ASK of you today by supporting SB 15.** Our goal is to provide all Kansans with a leveled interest rate environment. I respect your service and very much appreciate your time at this hearing today. I will now answer any questions you might have. Thank you.