



Testimony in Support of Senate Bill 483

Date: February 15, 2022

To: Chairwoman Kellie Warren
Senate Judiciary Committee

From: Stephanie Mullholland, Director of Legislative & Political Affairs
Heartland Credit Union Association

Madam Chair and Members of the Committee,

Thank you for the opportunity to speak in support of Senate Bill 483. Heartland Credit Union Association (HCUA) represents 74 credit unions headquartered in the state of Kansas and the 676,615 Kansans who belong to their local credit union.

Credit unions are not-for-profit financial cooperatives.

Kansans began forming credit unions in 1929 on the verge of the Great Depression by pooling their finances in order to create saving and lending opportunities for each other. To this day, credit unions are not-for-profit, member-owned cooperatives - similar to agricultural and electric cooperatives. As coops, credit unions are:

- Governed by a volunteer board of directors that is elected by and from the membership.
- Return the profits to their members in the form of higher returns on savings, lower rates on loans, lower fees on accounts and direct dividends. Last year, Kansas credit unions returned \$100.39 million to their members.
- Locally owned and operated by the members of the credit union with each member having an equal vote and equal share in the credit union.

ATM smash-and-grab crimes are on the rise.

Based on insurance company estimates, claims for damages due to ATM smash-and-grabs increased by 220% from 2019 to 2020 nationwide, followed by a 257% increase in 2021.

Some of the reasons we believe criminals are increasingly turning their attention to ATMs:

- 1) Consumer demand for ATM access has led to more ATMs in the marketplace, which translates to increased opportunity;
- 2) COVID led to more consumers opting to do business through an ATM, which required financial institutions to more readily stock machines with cash, making ATMs a more attractive target; and
- 3) Penalties for ATM crimes are not punitive enough to deter criminals.

Smash-and-grabs tend to be quick and organized.

Based on security footage, these crimes tend to follow similar patterns. They enter town, use a stolen truck or tractor, and either attach chains to the machine in hopes of popping the safe door open or remove the machine altogether in order to pry the safe door open offsite. Here's one example from a Kansas credit union:

“Turnpike cameras show they were in and out of town in less than 10 minutes. In that time, they stole a truck, attached the hooks to pop the lid of the ATM and attempted to pop the safe door open to grab the cash, and then went to separate getaway cars. They were at the ATM less than 1 minute.”



Kansans and their community financial institutions pay the price for these crimes.

These crimes – regardless of whether cash is stolen from the machine – result in significant property damages. Replacement ATMs can cost \$80,000 or more, which doesn't account for building, parking lot and other damages that may occur in the course of the crime. Due to current supply chain issues, replacement or repair of a machine can often take months, leaving members without access to a neighborhood ATM. This is particularly problematic in lower-income communities where transportation to another ATM or branch may not be readily available or affordable for families.

Besides paying the price of access, Kansans are ultimately paying the financial cost of these crimes. As member-owned cooperatives, the profits in a credit union are returned to the members. Deductibles, increased insurance premiums, and repair costs for ATM crimes reduce those profits, which in turn can result in less money going back into credit union members' pockets.

Other states are increasing penalties in order to protect consumers.

Texas and Arkansas are among the states that have increased penalties for ATM crimes. Additional states – including Missouri and Illinois – are looking at passing tougher penalties this session. This makes it particularly timely for Kansas to consider stronger penalties so that our state and our citizens do not become increasingly vulnerable to these crimes.

Thank you again for the opportunity to express our support for Senate Bill 483. We ask for your favorable consideration.

Attachments: News articles on recent ATM crimes against Kansas credit unions.