



Date: March 16, 2023

**To: Senate Committee on Financial Institutions and Insurance
Senator Jeff Longbine, Chairman**

**From: Kelly VanZwoll—Assistant Vice President Government
Relations, Kansas Bankers Association**

Re: Verbal Proponent Testimony for HB 2197

Dear Chairman Longbine and Members of the Committee:

I am Kelly VanZwoll appearing on behalf of the Kansas Bankers Association (KBA), organized in 1887 and whose membership includes 98% of the 220 banks and savings & loans headquartered in Kansas. Our membership also includes 20 out-of-state commercial banks operating in Kansas. The Kansas banking industry employs more than 22,000 Kansans that provide financial services in every county across the state. Our organizational mission statement is:

"Together, we support our member banks and bankers with leadership, advocacy, and education to benefit the communities and customers they serve."

Thank you for the opportunity to testify today in support of HB 2917. The First Time Home Buyers Savings Account Act was enacted in the 2021 legislative session. It allows an individual to open an account with a financial institution and designate the account as a first time home buyer savings account to be used to pay or reimburse a designated beneficiary's eligible expenses for the purchase or construction of a primary residence in Kansas. The KBA has historically supported initiatives that have the potential to spur economic activity across Kansas. We believe that incentivizing Kansans to buy his or her first home in our great state will do just that.

This bill would change the term "transfer on death" to "payable on death." The term transfer on death is generally used for investment accounts while the payable on death (POD) designation is used for bank accounts.

When an individual opens a first time home buyers savings account they have the option to add a payable on death beneficiary to the account. This is something you can do with any other personal savings or checking account. By adding a POD beneficiary, when the account owner dies any money in the account automatically goes to the POD beneficiary and they do not have to go through the estate process.

Our bill would also clarify that if there is a conflict between the payable on death beneficiary and the designated beneficiary on the required tax form, the financial institution's POD record would

be the controlling document. This way if the account owner dies the financial institution can feel comfortable paying out the POD beneficiary. Finally, a POD beneficiary is recognized under Kansas law, K.S.A. 9-1215, for estate planning purposes. This amendment would clarify that writing a name down on the tax form as a designated beneficiary does not create any kind of survivorship interest.

In the House Financial Institutions and Pensions Committee an amendment was brought to have the Treasurer's office assume the marketing duties for this program from the Department of Revenue. We are supportive of this change and believe it makes sense since the Treasurer's Office currently has similar programs, such as the 529 Education Savings Program and ABEL Savings Plan, and know how to market and manage them.

Thank you for your time and attention. We respectfully request that when the Committee considers action on HB 2197 as amended, it act favorably on it. Mr. Chair if you or the committee have questions or require additional information, don't hesitate to get in touch with me at kvanzwoll@ksbankers.com or (785) 232-3444.