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HOUSE OF REPRESENTATIVES

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MARI-LYNN POSKIN
20TH DISTRICT

February 15, 2022

RE: Proponent Testimony for HB 2680

Dear Chairman Tarwater and Committee,

HB 2680, a bipartisan sponsored bill, is an immediate response to Kansas small business' pleas for help in recruiting and retaining employees in this particularly challenging labor market by providing tax credits for offering a new employee benefit, the Kansas Employee Emergency Savings Account (KEESA). Kansas would be the first state in the nation to do so. In addition to creating a competitive recruiting edge for Kansas, HB 2680 seeks to reduce employee absenteeism due to financial emergencies while increasing productivity and financial literacy.

Research shows (see attached) that emergency savings of even \$100-250 are correlated with increased housing security, keeping the utilities on, avoidance of high-cost borrowing and increased financial satisfaction in life. In addition to the tax credit for employers, employees receive a subtraction modification for their own contributions to their KEESA.

The idea was born of committee work last year in Financial Institutions and Rural Development around high-cost borrowing and in Education committee on financial literacy concerns. We saw the pandemic spike unemployment rates and strain family budgets, often with little emergency savings to fall back on. Now, as our economy rebounds, we see Kansas businesses struggle to fill positions. We were inspired by the powerful emergency savings plan offered by Prier Products and its results...but couldn't see exactly how it fit into any current legislation and concluded it merited its very own incentive bill.

As written, if an employee puts away \$28.85 per week and their employer contributes the minimum to maximize the tax credit, they will have \$2,900 in savings in one year, \$5,800 for a married couple. Rough fiscal estimates that assume every employer and employee will participate are higher than the sponsors wanted to see, but there are several suggested options for the committee to "right size" the bill and we defer to your expertise on that.

The bill provisions are based on incentivizing the minimum employer-based best practices of emergency savings accounts like automatic payroll deductions and mobile apps for feedback, goal setting and literacy information. It also allows for business to customize for their KEESA for their own needs and capacities. I urge your bipartisan support of HB 2680 and am excited for Kansas to be the first state in the nation to make this tool more accessible for businesses.

Thank you,

A handwritten signature in blue ink that reads "Mari Lynn Poskin".