

HOUSE BILL No. 2002

By Representative Sloan

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AN ACT concerning municipalities; relating to the investment of public moneys; amending K.S.A. 12-1675 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 12-1675 is hereby amended to read as follows: 12-1675. (a) The governing body of any county, city, township, school district, area vocational-technical school, community college, firemen's relief association, community mental health center, community facility for the mentally retarded or any other governmental entity, unit or subdivision in the state of Kansas having authority to receive, hold and expend public moneys or funds may invest any moneys which are not immediately required for the purposes for which the moneys were collected or received, and the investment of which is not subject to or regulated by any other statute.

(b) Such moneys shall be invested only:

(1) In temporary notes or no-fund warrants issued by such investing governmental unit;

(2) in time deposit, open accounts, certificates of deposit or time certificates of deposit with maturities of not more than ~~two~~ five years: (A) In banks, savings and loan associations and savings banks, which have main or branch offices located in such investing governmental unit; or (B) if no main or branch office of a bank, savings and loan association or savings bank is located in such investing governmental unit, then in banks, savings and loan associations and savings banks, which have main or branch offices in the county or counties in which all or part of such investing governmental unit is located;

(3) in repurchase agreements with: (A) Banks, savings and loan associations and savings banks, which have main or branch offices located in such investing governmental unit, for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof; or (B) (i) if no main or branch office of a bank, savings and loan association or savings bank, is located in such investing governmental unit; or (ii) if no such bank, savings and loan association or savings bank having a main or branch office located in such investing governmental unit is willing to enter into such an agreement

1 with the investing governmental unit at an interest rate equal to or greater
2 than the investment rate, as defined in subsection (g) of K.S.A. 12-1675a,
3 *and amendments thereto*, then such repurchase agreements may be en-
4 tered into with banks, savings and loan associations or savings banks which
5 have main or branch offices in the county or counties in which all or part
6 of such investing governmental unit is located; or (C) if no bank, savings
7 and loan association or savings bank, having a main or branch office in
8 such county or counties is willing to enter into such an agreement with
9 the investing governmental unit at an interest rate equal to or greater
10 than the investment rate, as defined in subsection (g) of K.S.A. 12-1675a,
11 *and amendments thereto*, then such repurchase agreements may be en-
12 tered into with banks, savings and loan associations or savings banks;

13 (4) in United States treasury bills or notes with maturities as the gov-
14 erning body shall determine, but not exceeding ~~two~~ *five* years. Such in-
15 vestment transactions shall only be conducted with banks, savings and
16 loan associations and savings banks; the federal reserve bank of Kansas
17 City, Missouri; or with primary government securities dealers which re-
18 port to the market report division of the federal reserve bank of New
19 York, or any broker-dealer engaged in the business of selling government
20 securities which is registered in compliance with the requirements of
21 section 15 or 15C of the securities exchange act of 1934 and registered
22 pursuant to K.S.A. 17-1254, and amendments thereto;

23 (5) in the municipal investment pool fund established in K.S.A. 12-
24 1677a, and amendments thereto;

25 (6) in the investments authorized and in accordance with the condi-
26 tions prescribed in K.S.A. 12-1677b, and amendments thereto; or

27 (7) in multiple municipal client investment pools managed by the
28 trust departments of banks which have main or branch offices located in
29 the county or counties where such investing governmental unit is located
30 or with trust companies incorporated under the laws of this state which
31 have contracted to provide trust services under the provisions of K.S.A.
32 9-2107, and amendments thereto, with banks which have main or branch
33 offices located in the county or counties in which such investing govern-
34 mental unit is located. Public moneys invested under this paragraph shall
35 be secured in the same manner as provided for under K.S.A. 9-1402, and
36 amendments thereto. Pooled investments of public moneys made by trust
37 departments under this paragraph shall be subject to the same terms,
38 conditions and limitations as are applicable to the municipal investment
39 pool established by K.S.A. 12-1677a, and amendments thereto.

40 (c) The investments authorized in paragraphs (4), (5), (6) or (7) of
41 subsection (b) shall be utilized only if the banks, savings and loan asso-
42 ciations and savings banks eligible for investments authorized in para-
43 graph (2) of subsection (b), cannot or will not make the investments au-

1 thORIZED in paragraph (2) of subsection (b) available to the investing
2 governmental unit at interest rates equal to or greater than the investment
3 rate, as defined in subsection (g) of K.S.A. 12-1675a, *and amendments*
4 *thereto*.

5 (d) In selecting a depository pursuant to paragraph (2) of subsection
6 (b), if a bank, savings and loan association or savings bank eligible for an
7 investment deposit thereunder has an office located in the investing gov-
8 ernmental unit and such financial institution will make such deposits avail-
9 able to the investing governmental unit at interest rates equal to or greater
10 than the investment rate, as defined in subsection (g) of K.S.A. 12-1675a,
11 *and amendments thereto*, and such financial institution otherwise qualifies
12 for such deposit, the investing governmental unit shall select one or more
13 of such eligible financial institutions for deposit of funds pursuant to this
14 section. If no such financial institution qualifies for such deposits, the
15 investing governmental unit shall select for such deposits one or more
16 eligible banks, savings and loan associations or savings banks which have
17 offices in the county or counties in which all or a part of such investing
18 governmental unit is located which will make such deposits available to
19 the investing governmental unit at interest rates equal to or greater than
20 the investment rate, as defined in subsection (g) of K.S.A. 12-1675a, *and*
21 *amendments thereto*, and which otherwise qualify for such deposits.

22 (e) (1) All security purchases and repurchase agreements shall occur
23 on a delivery versus payment basis.

24 (2) All securities, including those acquired by repurchase agreements,
25 shall be perfected in the name of the investing governmental unit and
26 shall be delivered to the purchaser or a third-party custodian which may
27 be the state treasurer.

28 Sec. 2. K.S.A. 12-1675 is hereby repealed.

29 Sec. 3. This act shall take effect and be in force from and after its
30 publication in the statute book.

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