

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS

The meeting was called to order by REPRESENTATIVE VERNON L. WILLIAMS at  
Chairperson

9:00 a.m. on Tuesday, February 10, 1987 in room 527-S of the Capitol.

All members were present except:

Representatives Duncan and Ott - excused.

Committee staff present:

Richard Ryan  
Alan Conroy  
Gordon Self  
Rosalie Black

Conferees appearing before the committee:

Marshall Crowther, Executive Secretary, KPERS

The meeting was called to order by Representative Williams, Chairman, for a presentation of the KPERS Comprehensive Annual Financial Report.

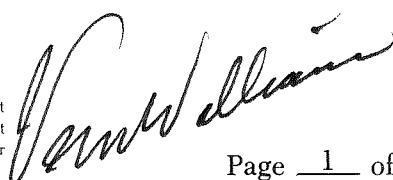
The Chairman asked members of the committee for their consideration of his request for introduction of two committee bills.

Representative Laird moved to introduce a proposal that would allow investment of repurchase agreements in the national market as well as Kansas banks (Pooled Money Investment Board); seconded by Representative Sand. The motion carried. Attachment 1.

Representative Laird moved to introduce a proposal to clarify legislative intent of unclassified employees "Entry into Retirement Annuity Plans at the Regents' Institutions" per legislative post audit; seconded by Representative Long. The motion carried.

Marshall Crowther, Executive Secretary, KPERS, referring to the annual report discussed specific sections including present members of the Board of Trustees; former members of the Board of Trustees; two minor changes on Page 11 in the Highlights section; comparative differences of employer contributions of KP&F and the Judges Retirement System versus KPERS; presentation of the first certificate of achievement for excellence in financial reporting to KPERS by the Government Finance Officers Association of the United States and Canada; KPERS administrative procedures of financial reporting occurring during the fiscal year; and pre-funding aspects of KPERS to assure funds will be available when members retire and not passing this obligation on to future generations of taxpayers.

The meeting adjourned at 9:50 a.m.



Please PRINT Name, Address, the organization you represent, and the Number of the Bill in which you are interested. Thank you.

2-10-87

NAME	ADDRESS	ORGANIZATION	BILL NO.
HAROLD C. PITTS	Topeka	TARTA	
Basil Corley	Topeka	KRTA	
Brian Pate	Kansas City		
Melissa Hardgree	Kansas City		
Chirk Zhoten	Wichita		
GENE Randolph	Kansas City		
<del>CHARLES DODSON</del>	<del>TOPEKA</del>	<del>KDAE</del>	
Mark C. Coughlin	Lawrence	KPERS	
Jack Haven	Topeka	"	
Ron Bleidissel	Topeka	KPERS	

# DRAFT BILL

AN ACT concerning the pooled money investment board; relating to repurchase agreements; amending K.S.A. 12-3718, 12-3724, 32-104m, 40-3406, 68-2311, 74-2913, 74-4515, 75-2527, 75-4213, 75-4254, 76-818 and 76-2473 and K.S.A. 1986 Supp. 58-3066, 65-3431, 75-4205 and 79-4804 and repealing the existing sections.

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

Section 1. K.S.A. 12-3718 is hereby amended to read as follows: 12-3718. (a) The secretary of health and environment may create and establish a special fund to be known as a debt service reserve fund and may pay into such fund (1) any moneys appropriated by the state of Kansas for the purpose of such fund, (2) any proceeds derived from the sale of revenue bonds under this act to the extent provided in the resolution of the secretary of health and environment authorizing the issuance of such bonds or in the trust agreement securing the--same such bonds, and (3) any other moneys transferred to the secretary of health and environment or made available to the secretary of health and environment for the purpose of such the debt service reserve fund from any other source or sources.

(b) The moneys ~~held-in-or-credited--to--such~~ in the debt service reserve fund, except as otherwise provided in this section, shall be used solely for (1) the payment of the principal of the revenue bonds issued under this act, as ~~the-same~~ such bonds mature, (2) the purchase of such revenue bonds, (3) the payment of interest on such revenue bonds or (4) the payment of any redemption premium required to be paid for any such bonds redeemed prior to maturity, except that moneys ~~in--such--reserve fund~~ shall not be withdrawn ~~therefrom~~ from the debt service reserve fund at any time in such amount as would reduce the amount then ~~to--the-credit-of~~ in such reserve fund to less than

the amount which the secretary of health and environment shall determine determines to be reasonably necessary for the purposes of such reserve fund, except for the purpose of paying the principal of and the interest on the revenue bonds issued by the secretary of health and environment maturing and becoming due for ~~the-payment-of~~ which other moneys of the department of health and environment are not available.

(c) Moneys in the debt service reserve fund may be invested by the pooled money investment board (1) in obligations of the United States of America or obligations the principal and interest of which are guaranteed by the United States of America or, (2) in interest-bearing time deposits in any commercial bank or trust company located in Kansas, or, (3) if the board determines that it is impossible to deposit such moneys in such time deposits, in repurchase agreements of less than ~~thirty--(30)~~ 30 days' duration with a Kansas bank or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof. Except as provided in subsections (d) and (e), any income or interest earned by or increment to the debt service reserve fund shall be credited to such reserve fund. Securities in which any moneys in the debt service reserve fund are invested shall be valued semiannually at the then market value thereof.

(d) The pooled money investment board may enter into contracts with one or more financial advisors whom the board determines to be qualified, whereby the financial advisors undertake to perform the functions of the pooled money investment board with regard to the investment of moneys in the debt service reserve fund to the extent provided in the contract. Performance of functions under contract so entered into shall be paid for out of the gross interest or other income of the investments with respect to which the functions are performed, and the net interest or other income of the investments after that payment

shall be considered income of the debt service reserve fund. The pooled money investment board shall require a financial advisor contracted with to give a fidelity bond in such sum as may be fixed by law or, if not so fixed, as may be fixed by the board, with corporate surety authorized to do business in this state.

(e) The ~~money~~ moneys and securities in the debt service reserve fund shall remain in the custody of the state treasurer, except that the pooled money investment board may arrange for the custody of such ~~money~~ moneys and securities as it considers advisable with a member bank or trust company of the federal reserve system, or with one or more banks located ~~in the state of~~ Kansas, or both, to be held in safekeeping by the bank or trust company or banks for the collection of the principal and interest or other income or of the proceeds of sale. The services provided by any such bank or trust company shall be paid for out of the gross receipts from such interest or other income, and the net interest or other income after such payment shall be considered income of the debt service reserve fund.

(f) The secretary of health and environment shall not issue any revenue bonds under this act at any time if the amount ~~held for the credit of~~ in the debt service reserve fund at the time of the issuance of such bonds ~~shall be~~ is less than the maximum amount required in any year thereafter to pay the principal of, including any mandatory payment to retire bonds prior to their maturity, and the interest on all revenue bonds issued under this act which are then outstanding and secured by such the debt service reserve fund unless the secretary of health and environment, at the time of the issuance of such bonds, ~~shall deposit~~ deposits in such reserve fund from the proceeds of such bonds or otherwise an amount which, together with the amount then in such fund, is not less than such maximum amount required to pay principal and interest.

(g) Any excess in the debt service reserve fund at the close of any fiscal year over such maximum amount required to pay principal and interest shall be remitted to the state treasurer

and deposited in to the credit of the state general fund. When ~~the-whole-amount~~ all of the principal of and the interest and the premium, if any, on the revenue bonds, secured by the debt service reserve fund ~~is~~ are paid, all moneys ~~held-to-the-credit of~~ in the debt service reserve fund shall be transferred by the director of accounts and reports from the debt service reserve fund to the self-insurance reserve fund.

(h) To assure the continued operation and solvency of the department of health and environment for carrying out the purposes of this act and the maintenance of the debt service reserve fund at the maximum amount ~~above-mentioned~~ prescribed by this section, there may be annually apportioned and paid to the department of health and environment ~~such~~ the sum, if any, as ~~shall-be~~ certified by the secretary of health and environment to the governor as necessary to restore ~~such~~ the debt service reserve fund to an amount equal to such maximum amount required to pay principal of and interest on all outstanding revenue bonds issued under this act and secured by such reserve fund. Any such sum so apportioned and paid shall be deposited to the credit of ~~such~~ the debt service reserve fund. The secretary of health and environment shall annually on or before December 1 ~~make--and deliver~~ submit to the governor ~~his--or--her~~ the secretary's certificate stating the sum, if any, required to restore ~~such~~ the debt service reserve fund to the amount ~~afesaid~~ required under this subsection and the sum so certified, if any, may be apportioned and transferred by the director of accounts and reports to the department of health and environment during the then current fiscal year of the state.

Sec. 2. K.S.A. 12-3724 is hereby amended to read as follows: 12-3724. (a) The pooled money investment board may invest and reinvest moneys in the self-insurance reserve fund in obligations of the United States of America or obligations the principal and interest of which are guaranteed by the United States of America or in interest-bearing time deposits in any commercial bank or trust company located in Kansas, or, if the

board determines that it is impossible to deposit such moneys in such time deposits, in repurchase agreements of less than ~~thirty~~ 30 days' duration with a Kansas bank or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof.

(b) For the purposes of this act the board may accept funds, public or private, from any person, firm, corporation or from any state agency or other public instrumentality, or from the federal government or any department or agency thereof.

(c) All moneys in the self-insurance reserve fund, or payable to such fund, are hereby specifically exempt from any and all taxes authorized by law to be levied or collected, whether sales, income, ad valorem, premium or by whatever name described.

Sec. 3. K.S.A. 32-104m is hereby amended to read as follows: 32-104m. (a) The director of the Kansas fish and game commission or the director's designee shall be authorized to issue to any Kansas resident a lifetime fishing, hunting or combination hunting and fishing license upon proper application made therefor and payment of a license fee as follows: (1) If total payment is made at the time of purchase, the fee for a lifetime fishing or hunting license shall be \$200, and the fee for a lifetime combination fishing and hunting license shall be \$400; or (2) payment may be made over a two-year period in eight quarter-annual installments. Each installment payment for a hunting or fishing license shall be \$30, and each installment payment for a combination hunting and fishing license shall be \$55. Lifetime licenses shall not be issued until the final installment has been paid. A person making installment payments shall not be required to obtain the appropriate annual license and each installment payment shall be deemed to be such an annual license for a period of one year following the date of the last installment payment made. If an installment payment is not

received within 30 days after it is due and owing, the commission may deem the payments in default and may retain any payments previously received. Any lifetime fishing, hunting or combination hunting and fishing license issued to a Kansas resident shall not be made invalid by reason of the holder thereof subsequently residing outside the state of Kansas.

(b) All license fees received from the sale of such licenses shall be remitted at least quarterly to the state treasurer. Upon receipt of any such remittance, the state treasurer shall deposit the same in the state treasury and shall credit that amount thereof which is equal to the amount obtained by multiplying the number of lifetime fishing, hunting or combination licenses issued by the current fee for an annual fishing, hunting or combination license to the fish and game commission fee fund and shall credit the remaining balance thereof to the fish and game conservation fund which is hereby created. The pooled money investment board may invest and reinvest moneys credited to the fish and game conservation fund in obligations of the United States or obligations the principal and interest of which are guaranteed by the United States or in interest-bearing time deposits in any commercial bank or trust company located in Kansas, or, if the pooled money investment board determines that it is impossible to deposit such moneys in such time deposits, in repurchase agreements of less than 30 days' duration with a Kansas bank or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by the United States government or any agency thereof. All moneys received as interest earned by the investment of the moneys in the fish and game conservation fund shall be credited to such fund. All expenditures from the fish and game conservation fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the director of the Kansas fish and game



commission.

~~(b)~~ (c) The Kansas fish and game commission may adopt such rules and regulations necessary to carry out the provisions of this section.

Sec. 4. K.S.A. 40-3406 is hereby amended to read as follows: 40-3406. The pooled money investment board may invest and reinvest moneys in the fund in obligations of the United States of America or obligations the principal and interest of which are guaranteed by the United States of America or in interest-bearing time deposits in any commercial bank or trust company located in Kansas, or, if the board determines that it is impossible to deposit such moneys in such time deposits, in repurchase agreements of less than ~~thirty-(30)~~ 30 days' duration with a Kansas bank or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof. Any income or interest earned by such investments shall be credited to the fund.

Sec. 5. K.S.A. 1986 Supp. 58-3066 is hereby amended to read as follows: 58-3066. (a) The real estate recovery revolving fund established within the state treasury by K.S.A. 58-3023 and amendments thereto is hereby continued in existence. Such fund shall be used in the manner and for the purpose provided by this act.

(b) At any time that the balance remaining in the real estate recovery revolving fund is less than \$100,000 the commission, without delay, shall assess each licensed broker a fee of \$10 and each licensed salesperson a fee of \$5. Such fees shall be deposited in the state treasury and credited to the real estate recovery revolving fund. If a licensee does not pay the assessment within 30 days from the date notice of assessment is mailed to the last residence address reported to the commission by the licensee, the licensee's license may be suspended in

accordance with the Kansas administrative ~~procedures~~ procedure act until the assessment is paid. A fee of \$15 shall be paid by the licensee to reinstate the suspended license. Fees paid to reinstate licenses suspended under this section shall be deposited in the state treasury and credited to the state general fund and the real estate fee fund as provided by subsection (a) of K.S.A. 58-3074 and amendments thereto.

(c) All payments and disbursements from the real estate recovery revolving fund shall be made upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the director of the commission or by any person or persons designated by the commission. Amounts credited to the real estate recovery revolving fund under this section shall not be subject to any limitation imposed by any appropriation act of the legislature. All payments and disbursements from the real estate recovery revolving fund shall be subject to post audit in accordance with article 11 of chapter 46 of the Kansas Statutes Annotated and any amendments thereto.

(d) The pooled money investment board may invest and reinvest the moneys in the real estate recovery revolving fund in (1) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America; (2) interest-bearing time deposits in any commercial bank or trust company located in Kansas, except that the amount so invested in any such bank or trust company shall not exceed an amount equal to the total capital and surplus of such bank or trust company and shall be secured in the manner prescribed by subsections (a) through (e) of K.S.A. 75-4218, and amendments thereto; (3) if the board determines that it is impossible to deposit such moneys in such time deposits, in repurchase agreements of less than 30 days' duration with a Kansas bank or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States

government or any agency thereof; or (4) in shares or accounts in saving savings and loan associations insured by the federal saving savings and loan insurance corporation, or other federal agency, to the extent covered by such insurance. All moneys received as interest earned by the investment of the moneys in the real estate recovery revolving fund shall be credited to such fund.

Sec. 6. K.S.A. 1986 Supp. 65-3431 is hereby amended to read as follows: 65-3431. The secretary is authorized and directed to: (a) Adopt such rules and regulations, standards and procedures relative to hazardous waste management as shall be necessary to protect the public health and environment and enable the secretary to carry out the purposes and provisions of this act.

(b) Report to the legislature on further assistance needed to administer the hazardous waste management program.

(c) Administer the hazardous waste management program pursuant to provisions of this act.

(d) Cooperate with appropriate federal, state, interstate and local units of government and with appropriate private organizations in carrying out the duties under this act.

(e) Develop a statewide hazardous waste management plan.

(f) Provide technical assistance, including the training of personnel, to industry, local units of government and the hazardous waste management industry to meet the requirements of this act.

(g) Initiate, conduct and support research, demonstration projects, and investigations and coordinate all state agency research programs with applicable federal programs pertaining to hazardous waste management.

(h) Establish policies for effective hazardous waste management.

(i) Authorize issuance of such permits and orders, conduct inspections and collect samples or require information and copy records or data as may be necessary to implement the provisions

of this act and the rules and regulations and standards adopted pursuant to this act.

(j) Conduct and contract for research and investigations in the overall area of hazardous waste storage, collection, transportation, treatment, recovery and disposal including, but not limited to, new and novel procedures.

(k) Adopt rules and regulations establishing criteria for identifying the characteristics of hazardous waste and for listing hazardous waste. The secretary shall prepare and keep current a listing of hazardous wastes and set of characteristics based on the rules and regulations adopted pursuant to this subsection. The listing shall identify, but need not be inclusive of, all the hazardous waste subject to the provisions of this act. The criteria for identification and listing shall be consistent with the criteria for identification and listing adopted by the administrator of the United States environmental protection agency under the authority vested in the administrator by the Resource Conservation and Recovery Act of 1976 (42 USC 6921) as amended by the Solid Waste Disposal Act of 1980 (P.L. 94-482, October 21, 1980), and as amended by the Hazardous and Solid Waste Act of 1984 (P.L. 98-616, November 8, 1984).

(l) Adopt rules and regulations establishing: (1) Appropriate measures for monitoring generators, transporters and facilities during operation, closure, and after closure of such facilities to insure compliance with the rules and regulations adopted under this act and any permit issued under this act; (2) procedures to suspend operation of such generators, transporters or facilities as may be required to protect the public health and safety or the environment; and (3) appropriate measures to insure that any use of a hazardous waste disposal facility after closure will not endanger the public health or safety or the environment.

(m) Adopt rules and regulations establishing standards for hazardous waste generators including, but not limited to, notification of hazardous waste generation, reporting, recordkeeping, labeling, containerization, source separation,

storage, manifests, monitoring, sampling and analysis and manner of filing notifications, reports and manifests.

(n) Adopt rules and regulations prescribing the form of the manifest and requiring such manifest to accompany any hazardous waste collected, transported, treated, recovered or disposed of, and prescribing the contents of the manifest which shall include, but not be limited to the quantity and composition of the hazardous waste, generator, transporter, destination, facility and the manner of signing and filing of the manifest and for the maintenance of records.

(o) Adopt rules and regulations establishing standards for routes used for transporting hazardous waste within the state with the concurrence of the state corporation commission. Such standards shall be consistent with those of the United States department of transportation and the state corporation commission, with respect to transportation of hazardous materials. Motor vehicles which are used for the transportation of hazardous waste in accordance with this act shall be exempt from the requirements of K.S.A. 66-1,108 et seq., and amendments thereto, and any rules and regulations adopted thereunder pertaining to routes which shall be under the jurisdiction of the secretary as provided in this act including any rules and regulations adopted thereunder. Otherwise such motor vehicles shall be subject to the requirements of K.S.A. 66-1,108 et seq., and amendments thereto, and any rules and regulations adopted thereunder.

(p) Adopt rules and regulations establishing standards for transporters of hazardous waste including, but not limited to, notification of hazardous waste transport, manifests, labeling, recordkeeping and the filing of reports.

(q) Adopt rules and regulations establishing standards and procedures to protect public health and the environment from any release of hazardous waste into the environment and to insure the prompt correction of any such release and damage resulting therefrom by the person transporting, handling or managing such

hazardous waste.

(r) Adopt rules and regulations requiring that, for such period of time as the secretary shall specify, any assignment, sale, conveyance or transfer of all or any part of the real property upon which a hazardous waste treatment, storage or disposal facility is or has been located shall be subject to such terms and conditions as to the use of such property as the secretary shall specify to protect human health and the environment.

(s) Adopt rules and regulations establishing a permit system which includes standards for facilities and procedures for implementation of a permit system for the construction, alteration, or operation of a hazardous waste treatment, storage or disposal facility including, but not limited to, content of applications, evidence of financial responsibility, existing hydrogeological characteristics, environmental assessment, training of personnel, maintenance of operations, qualifications of ownership, continuity of operation, public notification and participation and compliance with those standards established pursuant to subsection (t).

(t) Adopt rules and regulations establishing minimum standards for the design, location, construction, alteration, operation, termination, closing and long-term care of facilities for the treatment, storage or disposal of hazardous waste including, but not limited to, notification of hazardous waste treatment, storage or disposal, general facility standards, contingency plans, emergency procedures, manifest system, recordkeeping, inspections, monitoring, reporting, closure and postclosure plans and financial requirements. The operator of the facility shall be responsible for long-term care of the facility for 30 years after closure of the facility except that the secretary may modify the long-term care requirements for any facility when all hazardous waste is removed from the facility at closure. The secretary may extend the long-term care responsibility of any operator of a facility as the secretary may

deem necessary to protect the public health and safety or the environment. Any person acquiring rights of possession or operation of any facility permitted by the secretary for the treatment, storage or disposal of hazardous waste at any time after the facility has begun to accept waste and prior to the end of the required period of long-term care shall be subject to all of the requirements, terms and conditions of the permit for the facility including all requirements relating to long-term care of the facility. The sale or acquisition of a hazardous waste disposal facility during the long-term care period shall be subject to the assignment of long-term care responsibilities as determined by the secretary.

(u) Adopt rules and regulations establishing a schedule of fees to be paid to the secretary by: (1) Permittees operating hazardous waste treatment, storage or disposal facilities; (2) hazardous waste transporters; or (3) hazardous waste generators producing or bringing into existence hazardous waste in Kansas. The fees shall be for monitoring facilities both during and after operation, for monitoring generators of hazardous waste in Kansas and for monitoring the transportation of hazardous wastes. The fees shall be sufficient to reimburse the cost of the state in performing these monitoring responsibilities. The fee established under this subsection for each hazardous waste disposal facility shall not exceed \$25,000 annually. In setting fees, the secretary may exempt those fees which would be payable by generators for hazardous waste which is treated to recover substantial amounts of either energy or materials from hazardous wastes. The secretary shall remit any moneys collected from such fees to the state treasurer. Upon receipt of any such remittance, the state treasurer shall deposit the entire amount thereof in the state general fund.

(v) (1) Adopt rules and regulations establishing a schedule of fees to be paid to the secretary by permittees operating hazardous waste disposal facilities. In establishing fees, the secretary shall give consideration to degree of hazard, costs of

treatment and disposal, estimated future receipts and estimated future expenses to the state for monitoring, maintenance and supervision of the facilities after closure. Fees shall be in an amount not to exceed \$.25 per cubic foot of hazardous waste disposed of. Each permittee, as an advance payment of the fees authorized under this subsection, shall remit to the secretary an amount to be established by the secretary not to exceed \$25,000 upon request and notification by the secretary that an initial application for a permit or initial renewal thereof has been approved, subject to receipt of the advance payment. Commencing with the second renewal, no advance payment shall be required. The advance payment shall constitute a credit against any fee which may be assessed pursuant to this subsection.

(2) The secretary shall remit any ~~money~~ moneys collected pursuant to this subsection to the state treasurer to be deposited in the state treasury and credited to the hazardous waste perpetual care trust fund, which fund is hereby limited to the following uses: (A) Payment of extraordinary costs of monitoring a permitted hazardous waste disposal facility after the responsibility of the operator has terminated; (B) payment of costs of repairing a hazardous waste disposal facility, as a result of a postclosure occurrence which poses a substantial hazard to public health or safety or to the environment. If an expenditure made under this subsection would not have been necessary had the person responsible for the operation or long-term care of the permitted hazardous waste disposal facility complied with the requirements of a plan of operation approved by the secretary when the permit was issued, a cause of action in favor of the fund shall be accrued to the state of Kansas against such person, and the secretary shall take such action as is appropriate to enforce this cause of action by recovering any amounts so expended. The net proceeds of any such recovery shall be paid into the fund; and (C) on an emergency basis up to 20% of the balance in the hazardous waste perpetual care trust fund may be allocated for investigation, engineering and construction



related to the removal, treatment and disposal of hazardous waste disposed of in any hazardous waste disposal facility closed prior to the date of this act, when such hazardous waste is found to pose an imminent and substantial risk to the public health or safety or the environment.

(3) The pooled money investment board may invest and reinvest moneys in the perpetual care trust fund established under this subsection in obligations of the United States or obligations the principal and interest of which are guaranteed by the United States or in interest-bearing time deposits in any commercial bank or trust company located in Kansas or, if the board determines that it is impossible to deposit such moneys in such time deposits, in repurchase agreements of less than 30 days' duration with a Kansas bank or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof. Any income or interest earned by such investments shall be credited to the hazardous waste perpetual care trust fund.

(4) All expenditures from the hazardous waste perpetual care trust fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary for the purposes set forth in this subsection.

(w) Encourage, coordinate or participate in one or more waste exchange clearing houses for the purpose of promoting reuse and recycling of industrial wastes.

(x) Adopt rules and regulations establishing the criteria to specify when a change of principal owners or management of a hazardous waste treatment, storage or disposal facility occurs and under what circumstances and procedures a new permit shall be required to be issued to the transferees of a facility which was permitted to the transferor.

(y) Adopt rules and regulations concerning the generation,

transportation, storage, blending, marketing, burning and types of hazardous waste for which any method, technique or process to recover energy will be considered hazardous waste treatment. Such rules and regulations should specify a minimum heat value of the waste so as to ensure that a legitimate energy recovery will occur and should consider other characteristics of the waste which are appropriate to ensure that such method, technique or process for energy recovery will not pose a threat to the public health or environment.

Sec. 7. K.S.A. 68-2311 is hereby amended to read as follows: 68-2311. (a) All moneys received pursuant to the authority of this act, whether as proceeds from the sale of bonds or as payments from the state freeway fund, shall be deemed to be trust funds to be held and applied solely as provided in this act. The secretary of transportation shall have the responsibility for the management of the state freeway fund and the state freeway construction fund. Within the limitations hereinafter provided by this section, the pooled money investment board shall ~~have the authority to~~ invest and reinvest moneys in the funds and ~~to~~ shall acquire, retain, manage, including the exercise of any voting rights, and dispose of investments of the funds, except that moneys in the state freeway construction fund may be invested only in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or in interest-bearing time deposits in any commercial bank or trust company located in Kansas, or, if the board determines that it is impossible to deposit such moneys in such time deposits, in repurchase agreements of less than ~~thirty-(30)~~ 30 days' duration with a Kansas bank or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof. In investing or reinvesting moneys in the funds, and in acquiring, retaining, managing and

disposing of investments of the funds, there shall be exercised the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. Within the limitations of the foregoing standard and subject to subsection (c) ~~of this section~~, there may be acquired, retained, managed and disposed of as investments of the funds every kind of investment which persons of prudence, discretion and intelligence acquire, retain, manage and dispose of for their own account, with the objective of all such investments being to make the moneys in such fund as productive as possible, except that no funds may be invested in the common stock of any foreign or domestic corporation. Nothing in the ~~foregoing provision~~ this subsection shall be deemed to require the disposition of any common stock in which funds were invested prior to the effective date of this act.

(b) Subject to the standards, objectives and restrictions set forth in subsection (a), the pooled money investment board shall formulate policies for the investment and reinvestment of moneys in the state freeway fund and the state freeway construction fund and the acquisition, retention, management and disposition of investments of these funds. From time to time, the pooled money investment board shall review any policies so adopted and make such changes therein as it deems necessary.

(c) Notwithstanding any of the provisions of subsection (a) or any policies adopted pursuant to subsection (b) to the contrary, the pooled money investment board shall invest only those moneys which are not obligated to be expended within the immediately ensuing six-month period pursuant to contract or for debt service requirements pursuant to the provisions of this act.

(d) The pooled money investment board may enter into contracts with one or more financial advisors whom the board determines to be qualified, whereby the financial advisors

undertake to perform the functions specified in subsection (a) to the extent provided in the contract. Performance of functions under contract so entered into shall be paid for out of the gross interest or other income of the investments with respect to which the functions are performed, and the net interest or other income of the investments after that payment shall be considered income of the state freeway fund. The pooled money investment board shall require a financial advisor contracted with to give a fidelity bond in such sum as may be fixed by law or, if not so fixed, as may be fixed by the board, with corporate surety authorized to do business in this state.

(e) In the acquisition or disposition of securities, the pooled money investment board may rely on the written legal opinion of a reputable and nationally recognized bond attorney or attorneys, or the written legal opinion of the attorney of the financial advisors.

(f) Except as provided in subsection (d) and this subsection the custody of money and securities of the funds shall remain ~~in-the-custody-of~~ with the state treasurer, except that the pooled money investment board may arrange for the custody of such money and securities as it considers advisable with a member bank or trust company of the federal reserve system, or with one or more banks in the state of Kansas, or both, to be held in safekeeping by the bank or trust company or banks for the collection of the principal and interest or other income or of the proceeds of sale. The services provided by any such bank or trust company shall be paid for out of the gross receipts from such interest or other income, and the net interest or other income after such payment shall be considered income of the state freeway fund.

(g) With the advice and consent of the state director of accounts and reports, the pooled money investment board shall establish the requirements and procedure for reporting any and all activity relating to investment functions provided for in this section, in order to prepare a record monthly of the

investment income and changes made during the preceding month. The record shall reflect a detailed summary of investment, reinvestment, purchase, sale and exchange transactions, showing the dates thereof, the prices paid and obtained, the names of the dealers and such other information as the board may consider advisable to reflect a true accounting of the investment activity of the state freeway fund and the state freeway construction fund.

(h) The pooled money investment board shall provide for an examination of the investment program annually. The examination shall include an evaluation of current investment policies and practices and of specific investments of the funds in relation to the standards and objectives set forth in subsection (a) and other criteria as may be appropriate, and recommendations relating to the investment policies and practices and to specific investments of the funds as are considered necessary or desirable.

Sec. 8. K.S.A. 74-2913 is hereby amended to read as follows: 74-2913. There is hereby created in the state treasury the all-sports hall of fame trust fund. The pooled money investment board may invest and reinvest moneys credited to such fund in obligations of the United States of America or obligations the principal and interest of which are guaranteed by the United States of America or in interest-bearing time deposits in any commercial bank or trust company located in Kansas, or, if the board determines that it is impossible to deposit such moneys in such time deposits, in repurchase agreements of less than ~~thirty-(30)~~ 30 days' duration with a Kansas bank or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof. All moneys received as interest earned by the investment of the moneys in the all-sports hall of fame trust fund shall be credited to such trust fund.

Sec. 9. K.S.A. 74-4515 is hereby amended to read as follows: 74-4515. (a) All moneys derived from the sale of bonds as provided in this act shall be paid into the state treasury and the state treasurer shall credit the same to a special account for the use of the authority to pay the cost of the specific public improvement or project for which the bonds were issued as shown by the bond indenture executed in connection with the issuance of said the bonds:~~Provided~~<sub>7</sub>~~That~~. If moneys derived from the sale of bonds shall exceed the amount necessary to complete the specific public improvement or project for which the same were issued the authority shall have power by resolution to direct the state treasurer to transfer any surplus from said the special account to another account in the state park and resources authority general fees fund for the purpose of retiring said the bonds. Upon making any such transfer the state treasurer shall notify the director of accounts and reports and the authority thereof who shall make the proper entries in the records of their respective offices to show such transfer:~~Provided-further~~<sub>7</sub>~~That~~.

(b) If any money deposited in such the special account is not currently needed, the pooled money investment board may invest all or any part thereof in obligations of the United States government which shall mature within one ~~(1)~~ year from date of purchase or in interest-bearing time deposits in any commercial bank or trust company located in Kansas, or, if the board determines that it is impossible to deposit such moneys in such time deposits, in repurchase agreements of less than thirty ~~(30)~~ 30 days' duration with a Kansas bank or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof. Upon the maturity of the obligations so purchased the proceeds thereof shall be deposited in the state treasury and credited to such the state park and resources authority general

fees fund.

(c) The director of accounts and reports, upon the presentation of properly itemized and executed vouchers, approved by the ~~chairman-or-vice-chairman~~ chairperson or vice-chairperson of the authority, is hereby authorized to draw ~~his-or-her-warrant~~ warrants on the state treasurer against said the special account created under this section.

Sec. 10. K.S.A. 75-2527 is hereby amended to read as follows: 75-2527. The state pooled money investment board shall invest and reinvest moneys in the Jane C. Stormont perpetual endowment fund only (a) in direct obligations of, or obligations the principal of which and interest on which are unconditionally guaranteed by, the United States of America, (b) in interest-bearing time deposits in any bank or trust company located in Kansas, or, if the board determines that it is impossible to deposit such moneys in such time deposits, in repurchase agreements of less than ~~thirty-(30)~~ 30 days' duration with a Kansas bank or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof, or (c) in insured savings and loan associations to the extent of the insurance provided by the ~~F.S.B.F.C~~ federal savings and loan insurance corporation or other federal agency.

Sec. 11. K.S.A. 1986 Supp. 75-4205 is hereby amended to read as follows: 75-4205. (a) The board shall designate one or more banks to receive active accounts. The capital and surplus of any bank having an active account shall be not less than \$2,000,000. In determining the amount of the award of an active account to any bank designated under this subsection therefor, the board shall give consideration to the amount of service to be required of it. Active accounts shall bear no interest.

(b) The aggregate moneys in all active accounts shall not exceed \$40,000,000 at any time, except that in periods of

anticipated peak disbursements, the board, in its discretion, may cause the aggregate moneys in the active accounts to exceed such amount for the duration of such periods of peak disbursements, not to exceed 10 days. At any time moneys in active accounts exceed 50% of the award of such accounts, additional moneys may be deposited in time deposit, open accounts.

(c) If the aggregate of all active accounts exceeds the limit prescribed in subsection (b), the board shall direct the treasurer to make withdrawals within 60 days of sufficient moneys to reduce the amount in the active accounts below such limit, and such withdrawals shall be made in accordance with the formula prescribed for the initial award of such moneys. The moneys so withdrawn shall be transferred to and deposited in inactive accounts in accordance with the formula prescribed in K.S.A. 75-4207 and 75-4209, and amendments thereto, for initial deposits in inactive accounts except that any bank which was entitled to an inactive account award of \$100,000 or more under the provisions of K.S.A. 75-4209, and amendments thereto, but which contracted for a lesser amount shall not be entitled to receive such additional deposits.

(d) When moneys are available for deposit for not to exceed 60 days in time deposit, open accounts, the board shall deposit such moneys in time deposit, open accounts in the banks and in the proportion prescribed by K.S.A. 75-4206, and amendments thereto, for the making of such deposits of moneys or if the board determines that it is impossible to deposit such moneys in time deposit, open accounts, it shall invest the same in repurchase agreements of less than 30 days' duration with a Kansas bank or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof.

(e) At any time moneys are available for deposits or investment for a period of time which is insufficient to permit



deposit in time deposit, open accounts the board may invest the same in repurchase agreements of less than 30 days' duration with Kansas banks for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof.

(f) When moneys are available for deposits or investments under the provisions of subsections (d) and (e), the board, in lieu of such deposits or investments, may invest in preferred stock of Kansas Venture Capital, Inc. under terms and conditions prescribed by K.S.A. 1986 Supp. 74-8203, and amendments thereto, but such investments shall not in the aggregate exceed a total amount of \$10,000,000.

Sec. 12. K.S.A. 75-4213 is hereby amended to read as follows: 75-4213. Custodial accounts shall be arranged for by the board, but the aggregate of custodial accounts in any bank shall not exceed ~~ten-percent-(10%)~~ 10% of the deposits of such bank's statement of last official call. Whenever it shall ~~appear~~ appears to the board that certain moneys may be required to be deposited in custodial accounts, the ~~chairman~~ chairperson shall request the opinion of the attorney general, who shall render his ~~er--her~~ an opinion thereon within two ~~(2)~~ (2) weeks. No commitment shall be made to maintain all or any portion of any custodial account for a period of more than ~~twelve--(12)~~ 12 months. Custodial moneys shall not be considered in determining limitations imposed by this act on other types of bank accounts. Custodial accounts may be demand deposits or interest bearing deposits, as determined by the board, and if the same custodial accounts are interest bearing the rate thereof shall be the same as the rate applicable to inactive accounts. The board may invest custodial moneys in repurchase agreements of less than ~~thirty~~ (30) 30 days' duration with a Kansas bank or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency

thereof.

Sec. 13. K.S.A. 75-4254 is hereby amended to read as follows: 75-4254. The pooled money investment board may invest and reinvest the moneys of surplus proceeds and surplus reserves in (a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, or (b) in interest-bearing time deposits in any commercial bank or trust company located in Kansas, except that the amount so invested in any such bank or trust company shall not exceed an amount equal to the total capital and surplus of such bank or trust company and shall be secured in the manner prescribed by subsections (a) to (e), inclusive, of K.S.A. 75-4218, and amendments thereto or (c), if the board determines that it is impossible to deposit such moneys in such time deposits, in repurchase agreements of less than ~~thirty~~ <sup>(30)</sup> 30 days' duration with a Kansas bank or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof, or (d) in shares or accounts in ~~saving~~ savings and loan associations insured by the federal ~~saving~~ savings and loan insurance corporation, or other federal agency, to the extent covered by such insurance.

Sec. 14. K.S.A. 76-818 is hereby amended to read as follows: 76-818. All funds received pursuant to the provisions of this act, whether as proceeds from the sale of bonds, sale of property, insurance or condemnation awards, as revenues, proceeds or otherwise, shall be deemed to be trust funds to be held and applied solely as provided in this act and as provided in the resolution authorizing the issuance of the bonds or the trust agreement. The resolution of the board authorizing the issuance of the bonds or the trust agreement securing any bonds may provide that any of such moneys, including the proceeds of the bonds, the sinking fund and any reserve account or accounts, may

be invested by the pooled money investment board, pending the disbursement thereof, in obligations of the United States of America or obligations the principal and interest of which are guaranteed by the United States of America or in interest-bearing time deposits in any commercial bank or trust company located in Kansas, or, if the board determines that it is impossible to deposit such moneys in such time deposits, in repurchase agreements of less than ~~thirty-(30)~~ 30 days' duration with a Kansas bank or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof. Whenever such moneys are invested in interest-bearing deposits in any commercial bank or trust company, such deposits shall be secured by pledge of securities as provided in K.S.A. 75-4218, and amendments thereto.

Sec. 15. K.S.A. 76-2473 is hereby amended to read as follows: 76-2473. The state treasurer shall have the custody and charge of all moneys in the all faiths chapel building fund. The pooled money investment board may invest and reinvest the moneys not needed immediately in (a) direct obligations the principal of and interest on which are unconditionally guaranteed by the United States of America or (b) in interest-bearing time deposits in any commercial bank or trust company located in Kansas, except that the amount so invested in a bank or trust company shall not exceed an amount equal to the total capital and surplus of such bank or trust company and shall be secured in the manner prescribed by K.S.A. 75-4218, and amendments thereto or (c) if the board determines that it is impossible to deposit such moneys in such time deposits, in repurchase agreements of less than ~~thirty--(30)~~ 30 days' duration with a Kansas bank or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any

agency thereof, or (d) in shares or accounts in federally insured savings and loan associations located in the state of Kansas to the extent covered by the insurance. The net income from the investments shall be considered income of the fund and placed in such fund, subject to reinvestment as hereinbefore provided by this section. All moneys in the fund and income therefrom shall be subject to post audit.

Sec. 16. K.S.A. 1986 Supp. 79-4804 is hereby amended to read as follows: 79-4804. (a) An amount equal to 60% of all moneys credited to the state gaming revenues fund shall be transferred and credited to the state economic development initiatives fund, which is hereby created in the state treasury. Expenditures from the state economic development initiatives fund shall be made in accordance with appropriation acts for the financing of such programs supporting and enhancing the existing economic foundation of the state and fostering growth through the expansion of current, and the establishment and attraction of new, commercial and industrial enterprises as provided by this section and as may be authorized by law and not less than ~~one-half~~ 1/2 of such money shall be distributed equally among the five congressional districts. From and after July 1, 1989, an amount equal to 90% of all moneys credited to the state gaming revenues fund shall be transferred and credited to the state economic development initiatives fund created by this section. All moneys credited to the state economic development initiatives fund shall be credited within the fund, as provided by law, to an account or accounts of the fund which are created by this section.

(b) There is hereby created the Kansas capital formation account in the state economic development initiatives fund. All moneys credited to the Kansas capital formation account shall be used to provide, encourage and implement capital development and formation in Kansas.

(c) There is hereby created the Kansas economic development research and development account in the state economic

development initiatives fund. All moneys credited to the Kansas economic development research and development account shall be used to promote, encourage and implement research and development programs and activities in Kansas and technical assistance funded through state educational institutions under the supervision and control of the state board of regents or other Kansas colleges and universities.

(d) There is hereby created the Kansas economic development endowment account in the state economic development initiatives fund. All moneys credited to the Kansas economic development endowment account shall be accumulated and invested as provided in this section to provide an ongoing source of funds which shall be used for economic development activities in Kansas, including but not limited to continuing appropriations or demand transfers for programs and projects which shall include, but are not limited to, specific community infrastructure projects in Kansas that stimulate economic growth.

(e) Except as provided in subsection (f), the pooled money investment board may invest and reinvest moneys credited to the state economic development initiatives fund in obligations of the United States of America or obligations the principal and interest of which are guaranteed by the United States of America or in interest-bearing time deposits in any commercial bank or trust company located in Kansas, or, if the board determines that it is impossible to deposit such moneys in such time deposits, in repurchase agreements of less than 30 days' duration with a Kansas bank or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof. All moneys received as interest earned by the investment of the moneys credited to the state economic development initiatives fund shall be deposited in the state treasury and credited to the Kansas economic development endowment account of such fund.

(f) Moneys credited to the Kansas economic development endowment account of the state economic development initiatives fund may be invested in government guaranteed loans and debentures as provided by law in addition to the investments authorized by subsection (e) or in lieu of such investments. All moneys received as interest earned by the investment under this subsection of the moneys credited to the Kansas economic development endowment account shall be deposited in the state treasury and credited to the Kansas economic development endowment account of the state economic development initiatives fund.

Sec. 17. K.S.A. 12-3718, 12-3724, 32-104m, 40-3406, 68-2311, 74-2913, 74-4515, 75-2527, 75-4213, 75-4254, 76-818 and 76-2473 and K.S.A. 1986 Supp. 58-3066, 65-3431, 75-4205 and 79-4804 are hereby repealed.

Sec. 18. This act shall take effect and be in force from and after its publication in the Kansas register.