Approved: Feb. 2, 1998
Date

MINUTES OF THE Senate Committee on Financial Institutions and Insurance.

The meeting was called to order by Chairperson Don Steffes at 9:00 a.m. on January 29, 1998 in Room 529-S of the Capitol.

All members were present except:

Committee staff present: Dr. William Wolff, Legislative Research Department
Fred Carman, Revisor of Statutes
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee: Shirley Sicilian, Department of Revenue
David Zinn, Department of Revenue
Bill Caton, Consumer Credit Commissioner
George Barbee, Kansas Association of Financial Services
Bill Lewis, Chairman, Pooled Money Investment Board
Derl Treff, Manager, Pooled Money Investment Board
Scott Miller, Investment Officer, Pooled Money Investment Board

Others attending: See attached list

Shirley Sicilian, Director of Policy and Research for the Department of Revenue, provided the Committee with statutory language which would prevent banks from omitting previously taxed income from their tax base in computing privilege tax (Attachment 1). She reviewed the four sections which would:

1. Require banks to file a consolidated return under certain conditions. This would apply to state and national banks under the auspices of the State Bank Commissioner.

2. Ensure that the receipts apportionment applied to multi-state banks with subsidiary corporations out of state. Ms. Sicilian agreed to provide the list of the 23 states cooperating with the apportionment factor being used and the language they have adopted.

3. Allow the secretary of revenue to allocate income or expenses between a bank and its subsidiary to accurately reflect the bank's tax base.

4. Make these changes applicable to all taxable years commencing after December 31, 1997, thus making if effective on fiscal year 1998. The recovery of 1997 privilege tax loss would require amended tax returns and be very difficult to compute as well as it could be declared unconstitutional. If this goes into effect in fiscal year 1999 there will be a $10 million deficit in tax receipts from the usual $20 million expected. There could be as much as a $30 million loss to the state for 1998.

Mrs. Sicilian stated that with the passage of this proposed legislation, the privilege taxes would be returned to their original amount--no decrease or increase.

Senator Biggs moved to introduce this proposal into legislation. The motion was seconded by Senator Praeger. Motion carried.

Hearing on SB 462--Definition of terms in Uniform Consumer Credit Code
Bill Caton, Consumer Credit Commissioner, appeared before the Committee requesting the approval of legislation which would define the term "origination fee" (Attachment 2) In the past two years out-of-state mortgage companies doing business in Kansas have been duplicating charges in up front fees because there is no ceiling on brokers fees in Kansas. The passage of the proposed language would hopefully stop mortgage companies from charging consumers fees that were intended to be included in the origination fee and then

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

charging a 3% loan origination fee on top of these itemized charges.

The Committee voiced concern of this being legislature which would attempt to protect people from themselves. It is always at the option of the borrower to shop around for the best rates. The mortgage brokerage business is highly regulated at this point and would this only add to more oversight of the industry.

George Barbee, Kansas Association of Financial Services, voiced his agreement with the proposed legislation and presented written testimony (Attachment 3).

The hearing was continued.

Bill Lewis, Chairman of the Pooled Money Investment Board, presented detailed testimony of the success of the Pool within the past two years (Attachment 4).

Bill Caton, member of the Pooled Money Investment Board, reported the good and bad news of the Pool: interest rates are down which means a lower rate of return for the Pool (Attachment 5). In the past year $40 million in interest has been earned for the state and $8 million for municipalities with very little advertising for the Pool. Municipalities now can use the local banks if they wish as the interest rates are very comparable. If this system is used it is possible the receipts from bank privilege taxes might be increased. There was been $4 million recouped thus far from the original $20 million loss two years ago.

Derl Treff, manager of the Municipal Investment Pool, was introduced to the Committee and presented his professional background. Scott Miller, investment officer of the Pool, was also introduced.

The meeting adjourned at 10:00 a.m. The next meeting is scheduled for February 2, 1998.

SENATE FINANCIAL INSTITUTIONS & INSURANCE
COMMITTEE GUEST LIST

DATE: 1-29-98

NAME	REPRESENTING
Roger Franzke	Nationsbank
Bob Haynes	HCSF
Orville Cole	Sen. Tyson
Mike Astle	Community Banker's Assn
Bill Caton	Consumer Credit Comm
Tuge Cochran	Private Sector
Helen Roberts	" "
Bud Grant	KCCI
Bill Grant	~~St~~ Office State Bank Comm.
W. Newton Male	" " " "
Sue Schmidt	KCUA
Matthew Goddard	HCBA
Susan Anderson	Hein & Weir
Chuck Stones	KBA
Kathy Olsen	KBA
Scott Miller	PMIB
Carl Treff	PMIB
Bill Lewis	PMIB

TE OF KANSAS
Bill Graves, Governor

Shirley K. Sicilian, Director
Office of Policy & Research
Kansas Department of Revenue
915 SW Harrison St.
Topeka, KS 66612-1588

DEPARTMENT OF RI UE
John D. LaFaver, Secretary

(913) 296-3081
FAX (913) 296-7928

Office of Policy & Research

MEMORANDUM

TO:	Senator Don Steffes Chairman, Financial Institutions and Insurance Committee
FROM:	Shirley Klenda Sicilian Director, Policy & Research, Ks. Dept. of Revenue
RE:	**Statutory Language for Financial Institution Investment Subsidiaries**
DATE:	January 29, 1998

During my presentation to your committee on January 22, 1998, the department was asked to provide statutory language which would eliminate a financial institution's ability to avoid tax through the use of investment subsidiaries. We believe the language attached to this memo would accomplish your directive. The language does not change the structure of the privilege tax in any way. It simply establishes explicit authority to prevent banks from omitting previously taxed income from their tax base. Essentially, the language would require a bank and its investment subsidiary to file a consolidated return. There are four sub-sections:

- **Section (a)** requires a bank to file a consolidated return with any subsidiary which owns, holds or manages all or part of the taxpayer's securities portfolio.
- **Section (b)** ensures that the receipts apportionment factor applied to multi-state banks or banks with subsidiary operations out of state cannot be manipulated by transactions between a bank and its subsidiary.
- **Section (c)** allows the secretary of revenue to allocate income or expenses between a bank and its subsidiary where full combination would not accurately reflect the bank's tax base. This language is similar to language found in the Kansas corporate income tax law.
- **Section (d)** makes these changes applicable to all taxable years commencing after December 31, 1997. If there is a desire to have a significant effect on fiscal year 1998 revenues, it would be necessary to move the 1997 effective date back to 1996.

If we can provide any additional information or explanation, please let me know.

Senate FI&I
Attachment 1
January 29, 1998

79-1135. *(a) Any taxpayer described in K.S.A. 79-1106, and amendments thereto, which owns stock in a subsidiary that owns, holds or manages all or part of the taxpayer's securities portfolio, shall file consolidated returns for purposes of determining the tax liability under Article 11 of Chapter 79 as if such taxpayer and subsidiary were one entity.*

(b) Receipts factor.

(1) Any taxpayer required to file a consolidated return under K.S.A. 79-1135, and amendments thereto, and required to determine an apportionment percentage under K.S.A. 79-1129, and amendments thereto, shall not include in either the numerator or the denominator of the receipts factor described in K.S.A. 79-1130, and amendments thereto, amounts received from or provided to a subsidiary described in subsection (a) as consideration from investment assets and activities and trading assets and activities that represent inter-company transactions between the taxpayer and said subsidiary.

(2) Receipts as described in K.S.A. 79-1130(m), and amendments thereto, received by a subsidiary described in subsection (a) shall be treated by a taxpayer required to file a consolidated return under K.S.A. 79-1135, and amendments thereto, as receipts of the taxpayer.

(c) For taxpayers described in K.S.A. 79-1106, and amendments thereto, the secretary of revenue may require returns on a consolidated basis or may distribute or allocate gross income, deductions, credits, or allowances between two or more organizations, trades or businesses (whether or not incorporated, or organized in the United States or Kansas or affiliated) owned or controlled directly or indirectly by the same interests, if the secretary of revenue determines such allocation is necessary to prevent evasion of taxes or to clearly reflect income of the organizations, trades or businesses.

(d) The provisions of this section shall be applicable to all taxable years commencing after December 31, 1997.

TESTIMONY ON SENATE BILL #462
SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

BILL CATON, CONSUMER CREDIT COMMISSIONER

JANUARY 29, 1998

Thank you for the opportunity to come before you today to testify as a proponent of Senate Bill #462. This bill was introduced by my office in an attempt to clarify certain provisions of the Kansas Uniform Consumer Credit Code (the "Code"). There are two unrelated issues addressed by this bill, so I will address them separately.

I. ADDITION OF NEW DEFINITION - "ORIGINATION FEE"

With the tremendous increase of out-of-state mortgage companies applying for licenses under the Code to do business in Kansas over the past two years, the Office of the Consumer Credit Commissioner has determined that there have been at the least a gross misunderstanding as to what an "origination fee" is and what types of fees may be included in the origination fee which is limited by statute (K.S.A. 16a-2-401(9((a)). This office has been challenged in its findings and interpretations of this section of the Code. I believe these challenges have been with cause since the Code did not define "origination fee". I have requested assistance from the Attorney General's Office regarding interpretation of the Code regarding this matter, and have been advised that defining "origination fee" could resolve this problem.

This bill adds the wording "not included in the origination fee or payable to an assignee" the definition of "Closing costs" defined in K.S.A. 16a-1-301(7)(b) on page two of the bill and adds the new definition of "Origination fee" on page 6, lines 10 through 17 of the bill. After conferring with George Barbee of the Kansas Association of Financial Services, who had some concerns regarding the wording, I would suggest that this section be amended as follows: adding a colon (:) behind the words "exclusive of" in line 14 and change the word "or" to "and" in line 16. I believe these changes should make it clear that closing costs as defined in K.S.A. 16a-1-301(7), interest rate reduction charges and brokers fees are ***not*** included in the "origination fee" and may be charged in addition to origination fees if they are properly documented and disclosed.

I believe this portion of the bill will alleviate my concerns that mortgage companies are charging consumers fees that were intended to be included in the origination fee and then charging a 3% loan origination fee on top of these itemized charges. Please note that this has ***not*** been a concern with the traditional consumer loan companies, but isolated to mortgage companies, most of which are operating out-of-state, and many of which are more concerned with originating loans and how many fees they can generate rather than assisting the consumer in working out their financial difficulties with sound financial advice.

Senate FI&I
Attachment 2
Jan. 29, 1998

II. REPEAL OF K.S.A.16a-2-309(b)(1) AND (2)

This section of the Code prohibited a licensee authorized to make supervised loans from selling or leasing goods in the same location where loans are made. This prohibition is no longer necessary since usury limits on retail sales contracts have been repealed by the 1997 Legislature. However, if Senate Bill #490, which reinstates usury limits on retail sales contracts on motor vehicles, is passed in its present form, this issue may need to be re-addressed if the Legislature wishes to continue this prohibition that does not allow sellers of goods to make supervised loans in the same place of business, but does allow them to enter into retail sales contracts which originally had a lower usury ceiling than supervised loans. I will probably be recommending an alternative suggestion that would place motor vehicle retail sales contracts under the same usury rate as supervised loans when this bill has its hearing.

I do not believe this prohibition has accomplished its original intent in recent years as many retail sales contracts ended up being converted to supervised loans by the company purchasing the contract. I do not believe this change will be detrimental to the consumer.

I am most happy to answer any questions or address any concerns.

(b) the unpaid balance of amounts financed and the finance and other appropriate charges are debited to an account;

(c) the finance charge, if made, is computed on the outstanding unpaid balances of the consumer's account from time to time; and

(d) the consumer has the privilege of paying the balances in installments.

(27) "Organization" means a corporation, government or governmental subdivision or agency, trust, estate, partnership, cooperative, or association.

(28) "Origination fee" means a fee associated with the making, closing or disbursing of a consumer credit transaction by a lender or assignee of the lender which is intended to compensate the lender or assignee of the lender for all costs incurred in making, closing or disbursing a consumer credit transaction, exclusive of closing costs defined in K.S.A. 16a-1-301(7) and amendments thereto, interest rate reduction charges paid by the consumer at closing ~~or~~ broker fees paid to third parties not related to the lender or assignee of the lender.

:

and

~~(28)~~ *(29)* "Payable in installments" means that payment is required or permitted by agreement to be made in (a) two or more periodic payments, excluding a down payment, with respect to a debt arising from a consumer credit sale pursuant to which a finance charge is made, (b) four or more periodic payments, excluding a down payment, with respect to a debt arising from a consumer credit sale pursuant to which no finance charge is made, or (c) two or more periodic payments with respect to a debt arising from a consumer loan. If any periodic payment other than the down payment under an agreement requiring or permitting two or more periodic payments is more than twice the amount of any other periodic payment, excluding the down payment, the consumer credit transaction is "payable in installments."

~~(29)~~ *(30)* "Person" includes a natural person or an individual, and an organization.

~~(30)~~ *(31)* "Person related to" with respect to an individual means (a) the spouse of the individual, (b) a brother, brother-in-law, sister, sister-in-law of the individual, (c) an ancestor or lineal descendant of the individual or the individual's spouse, and (d) any other relative, by blood, adoption or marriage, of the individual or such individual's spouse who shares the same home with the individual. "Person related to" with respect to an organization means (a) a person directly or indirectly controlling, controlled by or under common control with the organization, (b) an officer or director of the organization or a person performing similar functions with respect to the organization or to a person related to the organization, (c) the spouse of a person related to the organization, and (d) a relative by blood, adoption or marriage of a person related to

The Kansas Association of Financial Services
George Barbee, Executive Director
Jayhawk Tower, 700 SW Jackson, Suite 702
Topeka, KS 66603-3758
913/233-0555 Fax: 913/357-6629

STATEMENT

DATE: January 29, 1998

TO: **Senate Committee on Financial Institutions and Insurance**

FROM: George Barbee

RE: **Defining Origination Fee in UCCC (SB-462)**

Mr. Chairman and members of the Committee, my name is George Barbee. I am appearing today on behalf of the Kansas Association of Financial Services (KAFS) as the Executive Director.

KAFS supports SB-462 that would define the term "Origination Fee" as applicable to loans made under the Uniform Consumer Credit Code (UCCC) where the loan is secured by land. For reasons previously stated by Commissioner Caton, we recognize the need for this definition.

We do have a simple amendment to suggest. It would insert the word "and" on page 6, line 15, following the word "thereto" as shown on the attachment to this statement. This would clarify the intent of the definition to allow the charging of points outside of the origination fee when the customer desires to reduce the interest rate by payments at closing.

Thank you for the opportunity to appear on SB-462 and I would be pleased to stand for any questions.

Senate FI&I
Attachment 3
1-29-98

(b) the unpaid balance of amounts financed and the finance and other appropriate charges are debited to an account;

(c) the finance charge, if made, is computed on the outstanding unpaid balances of the consumer's account from time to time; and

(d) the consumer has the privilege of paying the balances in installments.

(27) "Organization" means a corporation, government or governmental subdivision or agency, trust, estate, partnership, cooperative, or association.

AND

(28) "Origination fee" means a fee associated with the making, closing or disbursing of a consumer credit transaction by a lender or assignee of the lender which is intended to compensate the lender or assignee of the lender for all costs incurred in making, closing or disbursing a consumer credit transaction, exclusive of closing costs defined in K.S.A. 16a-1-301(7) and amendments thereto, interest rate reduction charges paid by the consumer at closing or broker fees paid to third parties not related to the lender or assignee of the lender.

~~(28)~~ *(29)* "Payable in installments" means that payment is required or permitted by agreement to be made in (a) two or more periodic payments, excluding a down payment, with respect to a debt arising from a consumer credit sale pursuant to which a finance charge is made, (b) four or more periodic payments, excluding a down payment, with respect to a debt arising from a consumer credit sale pursuant to which no finance charge is made, or (c) two or more periodic payments with respect to a debt arising from a consumer loan. If any periodic payment other than the down payment under an agreement requiring or permitting two or more periodic payments is more than twice the amount of any other periodic payment, excluding the down payment, the consumer credit transaction is "payable in installments."

~~(29)~~ *(30)* "Person" includes a natural person or an individual, and an organization.

~~(30)~~ *(31)* "Person related to" with respect to an individual means (a) the spouse of the individual, (b) a brother, brother-in-law, sister, sister-in-law of the individual, (c) an ancestor or lineal descendant of the individual or the individual's spouse, and (d) any other relative, by blood, adoption or marriage, of the individual or such individual's spouse who shares the same home with the individual. "Person related to" with respect to an organization means (a) a person directly or indirectly controlling, controlled by or under common control with the organization, (b) an officer or director of the organization or a person performing similar functions with respect to the organization or to a person related to the organization, (c) the spouse of a person related to the organization, and (d) a relative by blood, adoption or marriage of a person related to

State of Kansas
Senate Financial Institutions and Insurance Committee
January 29, 1998

REPORT ON OPERATIONS - POOLED MONEY INVESTMENT BOARD

WILLIAM E. LEWIS, CHAIRMAN

Background:
On January 16, 1996, on behalf of the Pooled Money Investment Board (PMIB), I outlined legislation for this committee that would improve the efficiency and the effectiveness of the investments of State funds. Legislative Post Audit reports as well as the Independent Auditors report of January 3, 1996 substantiated the need for these improvements. At that time the Board recommended solutions (SB 476) for the following reasons:

- Resolution of a $21.6 million loss in the Municipal Investment Pool(MIP)
- Expansion of investment opportunities to improve yield without unreasonable additional risk (Commercial Paper)
- The need for improved investment operations utilizing the necessary control mechanisms, and
- Consolidation of investment pools to reduce liquidity risk.

I have been asked to report today on the results of that legislation. I will begin by stating that the Board's investment policy is one of safety, liquidity, and yield in that order. Operations and procedures are developed on that premise.

Based upon the above legislation, on May 31, 1996, the Governor appointed the Chairman. The Board has operated since that time essentially as a stand-alone entity. The subsequent fiscal results reflect many of the changes in this legislation. They are as follows:

Safety and Liquidity
- Investment maturities are now more closely matched to projected cash flow requirements, thereby minimizing risk due to unexpected cash flow needs
- Weighted average maturity of the portfolio has decreased from 353 days to 182 days reflecting additional liquidity in the portfolio and reduced risk
- Investments are made, as per statute, in the safest available types of investments i.e. U. S. treasuries, federal agencies, and top rated commercial paper

Senate FI&I
Attachment 4
1/29/98

Portfolio Yield up +.69 % vs. Benchmark - $10.4 million annual earnings improvement

With respect to yields on the portfolio and considering changes in market rates, we implemented a benchmark yield based on comparable U. S. treasury instruments. For FY96 we were 25.3 basis points below the benchmark. As of December 31, 1997, for FY98, we are 43.5 basis points above the benchmark. On a portfolio of $1.5 billion, this equates to an annual earnings improvement of $10.4 million.

Municipal Investment Pool - increased from $100M to $400M

The Municipal Investment Pool offerings were restructured in December 1996. The variable maturity and rate options for participants were replaced with fixed rate fixed time investments with the State. This provided certainty of income for the participants and eliminated liquidity risk for the State. This method provides a better yield to the participants while providing the State with income to offset the above mentioned $21.6 million loss. Since this change, pool deposits have increased from $108 million in December 1996 to over $400 million in January 1998.

Commercial Paper investments - $1.6 million benefit

Investments in commercial paper have provided the benefits that we projected. They have given the State additional income based upon top rated short-term corporate paper. There has been no indication of any relevant risk. Increased earnings since inception, over the next best investment alternatives, has been $1.6 million to date. The first six months of FY98 reflect a benefit of $.8 million.

Idle Fund Earnings - FY96 **$65.8M,** FY97 **$70.3M,** FY 98 **$85M est.**

The above investment improvements are reflected in increased earnings for FY97 over FY96 of $4.5 million on an equivalent balance of funds invested. FY98 is projected to be $14.7 million greater than FY97 on increased balances of only $200 million. In addition to the above improvements, the unrealized loss carried in the portfolio at fiscal year end 1996 of $7.3 million is now a $.2M gain.

Other Board Activities

- Investments in the Health Care Stabilization Fund have met or exceeded expectations
- A pro-active investment committee for KDOT has been established
- Waivers to statute relating to agency deposit requirements have been reduced from 44 to 18
- Compensating balances on deposits of State funds in agency bank accounts have been eliminated (Benefit to State $43K annually)
- Regents institution bank account balances are being reduced to minimum balances
- Bank apportionment method eliminated

Operations Highlights

- FY97 operating expenses decreased $267 thousand vs. FY96
- Bank charges for investment transactions reduced $50 thousand per year
- Manpower reduced by 1 person
- New offices established
- Audit quote for FY97 noted "significant improvements in controls on financial reporting in the current year"
- Web page for Investment, MIP, and bank rates - **http://www.ink.org/public/pmib/**
- Director of Investments hired August 1997

Needless to say, we are pleased with these results. They were truly worth the effort. This is not to say we do not have additional items to accomplish, but the above were the most pressing in the first year and a half.

I would like to note that these results could not have been obtained without the support of this committee. On behalf of the Board and the people of the State of Kansas, we thank you.

STATE OF KANSAS

POOLED MONEY INVESTMENT BOARD

DIRECTOR OF INVESTMENTS
Derl S. Treff

Landon State Office Building
900 S. W. Jackson Street
Suite 209
Topeka, KS 66612-1220

Ph.(785)296-3372
Fax (785) 296-1085
http://www.ink.org/public/pmib/

January 22, 1998

Ms. Pat Saville
Secretary of the Senate
Third Floor, East Wing
State Capitol Building
Topeka, Kansas 66612

Dear Ms. Saville:

Attached please find the financial statements relative to PMIB activities for fiscal year 1997. These statements are based upon audits of the investment operations.

The board continues its investment policy with the objectives of Safety, Liquidity, and Yield, in that order. In the implementation of that policy, the board is committed to the management of risk and invests to cash flow requirements, rather than more speculative long term investments. This strategy has improved liquidity and yield of the portfolio while reducing risk.

Highlights for PMIB activities are:

	FY '96	FY '97	FY '98
Idle Funds Earnings	$ 65.8M	$ 70.3M	
Average Amount Invested	$ 1,300.0M	$ 1,300.0M	
Operating Expenses	$ 700K	$ 400K	
Rate Earned vs. Treasury Bill	-.253%	+.072%	+.435%
Commerc'l Paper Addt'l Benefit vs. Bnchmk	$ 16K	$ 715K	$ 684K

With the implementation of the new MIP structure in December 1996, deposits in the MIP have increased from $108 million to $400 million-plus today.

Respectfully submitted,

William E. Lewis

WILLIAM E. LEWIS
Chairman

WEL:mcg
enclosure

State of Kansas - Pooled Money Investment Board
Balance Sheet & Statement of Net Investment Income(All Funds) (000's)

Balance Sheet

Assets	6/30/97	6/30/96
Cash	$ 43,629	$ 68,409
Investments	$ 2,637,191	$ 2,503,575
Kansas Venture Capital	$ 5,000	$ 5,000
PMIB Loans to State Agencies	$ 19,767	$ 23,550
Interest Receivable	$ 23,319	$ 27,404
Total Assets	$ 2,728,906	$ 2,627,938
Liabilities		
Due to Agencies and Others	$ 2,475,274	$ 2,434,437
Interest earned not posted	$ 1,020	$ -
Due to Other Fund	$ 180	$ 135
Payable to MIP Participants	$ 269,767	$ 212,367
Due From Future Earnings	$ (17,335)	$ (19,001)
Total Liabilities	$ 2,728,906	$ 2,627,938

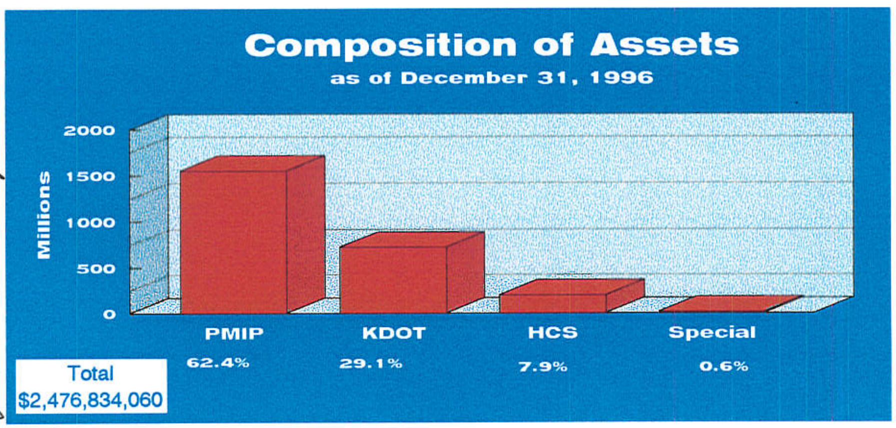
Statement of Net Investment Income

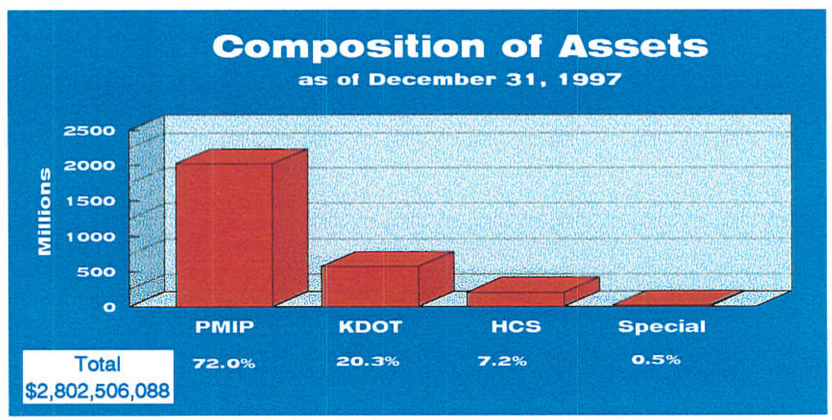
Investment Income	6/30/97	6/30/96
Interest Income	$ 102,868	$ 127,887
Net Gain on Sale of Securities	$ 1,641	$ 698
Net Amortization of Premium/Discount	$ 30,500	$ 18,353
Net Investment Income	$ 135,009	$ 146,938
Average Daily Balance Invested	$ 2,417,602	$ 2,791,172
Weighted Average Rate Earned %	5.66	5.52

Pooled Money Investment Board
Balance Sheet
December 31, 1997

	PMIP	KDOT	Health Care Stab. Fd.	Special Funds	Elimination Entry	Consolidated TOTAL	Prior Month	Change
ASSETS								
Cash	$29,434,685	$0	$0	$0		$29,434,685	$11,656,238	$17,778,448
Deposits in Transit	57,827,970	0	0	0		57,827,970	0	57,827,970
Investments (Amortized Cost)	1,891,733,995	563,790,555	198,010,626	13,653,778	($472,359)	2,666,716,594	2,506,893,529	159,823,065
Kansas Venture Capital, Inc.	5,000,000	0	0	0		5,000,000	5,000,000	0
PMIB Loans	18,784,964	0	0	0		18,784,964	18,784,964	0
Interest Receivable	16,826,514	5,246,832	2,557,699	110,828		24,741,874	25,519,017	(777,143)
Accounts Receivable	0	0	0	0		0	0	0
Due From Other Fund	0	0	0	0		0	0	0
Total Assets	$2,019,608,128	$569,037,388	$200,568,325	$13,764,606	($472,359)	$2,802,506,088	$2,567,853,747	$234,652,341
LIABILITIES								
Accounts Payable	$0	$0	$0	$0		$0	$0	$0
Due to Agencies and Others	1,661,069,850	569,037,388	200,551,210	13,764,606	($472,359)	2,443,950,694	2,332,681,436	111,269,258
Reverse Repo Agreements	0	0	0	0		0	0	0
Due to PMIP Fee Fund	189,524	0	17,115	0		206,639	189,408	17,231
Payable to MIP Participants	372,855,387	0	0	0		372,855,387	249,827,922	123,027,465
Int Earned Not Posted MIP (FX)	1,611,455					1,611,455	1,467,359	144,096
Due from Future Earnings	(16,118,087)					(16,118,087)	(16,312,378)	194,291
Total Liabilities & Fund Income	$2,019,608,128	$569,037,388	$200,568,325	$13,764,606	($472,359)	$2,802,506,088	$2,567,853,747	$234,652,341

SENATE FI+I
ATTACHMENT 5
1/29/98





Senate FI&I
Attachment 5
1/29/98

Senate FI&I
Attachment 5
1/29/98

Pooled Money Investment Board
Statement of Net Investment Income
For the month ended December 31, 1997

	PMIP	KDOT	Health Care Stab. Fd.	Special Funds	Elimination Entry	Consolidated TOTAL	Prior Month	Change
Investment Income								
Interest Income	$5,456,827	$1,880,458	$992,422	$46,394	($5,772)	$8,370,329	$8,421,445	($51,116)
Amort. of (Premium)/Discount	3,015,344	824,496	35,095	20,072		3,895,006	3,351,001	544,004
Int. Exp. on Reverse Repos	0	0	0	0		0	0	0
Gain on Sale of Securities	0	36,909	0	0		36,909	9,350	27,559
(Loss) on Sale of Securities	0	0	0	0		0	0	0
Less PMIP Fees Retained	(189,524)	0	(17,115)	0		(206,639)	(189,408)	(17,231)
Early Withdrawal Penalty	0	0	0	0		0	0	0
Net Investment Income	$8,282,647	$2,741,862	$1,010,402	$66,466	($5,772)	$12,095,605	$11,592,389	$503,216
Int.Income to MIP Participants	$1,328,419					$1,328,419	$866,737	$461,682
Int.Earned Not Posted MIP (FX)	761,051					761,051	572,324	188,728
	$2,089,470					$2,089,470	$1,439,061	$650,409
Investment Portfolio WAM (Days)	182	433	535	405				
Weighted Average Rate Earned	5.79%	5.85%	6.10%	5.94%				

Pooled Money Investment Board
Statement of Net Investment Income
Fiscal Year to Date
December 31, 1997

	PMIP	KDOT	Health Care Stab. Fd.	Special Funds	Elimination Entry	Consolidated TOTAL
Investment Income						
Interest Income	$32,095,837	$12,975,920	$6,294,054	$326,477	($95,182)	$51,597,106
Amort. of (Premium)/Discount	18,652,014	3,873,051	(234,766)	119,690		22,409,990
Int. Exp. on Reverse Repos	0	0	0	0		0
Gain on Sale of Securities	0	111,127	0	7		111,135
(Loss) on Sale of Securities	0	0	0	0		0
Less PMIP Fees Retained	(1,096,279)	0	(102,182)	0		(1,198,461)
Early Withdrawal Penalty	0	0	0	0		0
Net Investment Income	$49,651,573	$16,960,098	$5,957,106	$446,175	($95,182)	$72,919,769
Int.Income to MIP Participants	$6,643,848					$6,643,848
Int.Earned Not Posted MIP (FX)	1,611,455					1,611,455
	$8,255,303					$8,255,303
Transferred to PMIP Fee Fund	$3,641,765					
Trans from PMIP Fee Fd to MIP Fd (June 3, 1996, to current)	$2,882,448					
Weighted Average Rate Earned	5.76%	5.74%	6.03%	5.85%		

EOM Treasury Yields	
3 Mo. T-Bill	5.34%
6 Mo. T-Bill	5.44%
1 Yr. T-Bill	5.48%
2 Yr. T-Note	5.64%

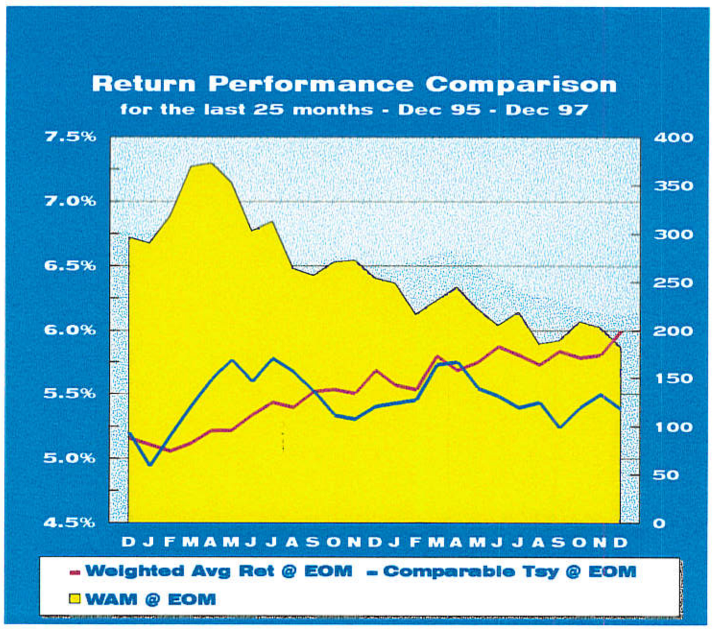
5-2

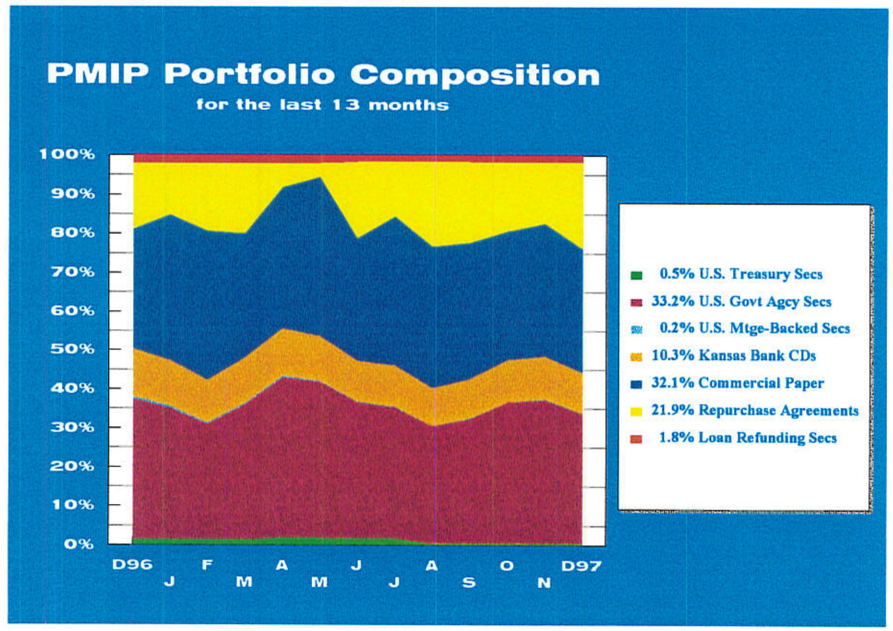
5-2

5-3

Pooled Money Investment Portfolio
Investments
as of
December 31, 1997

Investments	Par Value	Amort. Cost	Market	Unrealized Gain/Loss	Wtd. Average Maturity Days	Yield Dec 97	Yield at Month End Nov 97	Oct 97	Sept 97	Aug 97
U.S. Treasury Securities	$10,000,000	$10,060,765	$10,109,400	$48,635	288	6.32%	6.32%	6.32%	6.32%	6.32%
U. S. Government Agency Secs.	628,150,000	628,258,814	628,383,133	124,319	293	5.83%	5.83%	5.85%	5.83%	5.83%
U. S. Mortgage-Backed Sec.	4,195,976	4,243,107	4,238,748	(4,358)	1,291	6.42%	6.42%	6.42%	6.42%	6.42%
Kansas Bank CDs	193,972,000	193,972,000	193,972,000	0	174	5.85%	5.83%	5.82%	5.80%	5.80%
Commercial Paper	612,978,000	606,987,726	606,987,726	0	63	5.83%	5.76%	5.72%	5.72%	5.74%
Repurchase Agreements	414,800,000	414,800,000	414,800,000	0	2	6.49%	5.68%	5.66%	5.97%	5.46%
Loan Refunding Securities	33,415,000	33,411,583	33,449,525	37,942	2,369	6.58%	6.66%	6.69%	6.69%	6.66%
TOTAL	$1,897,510,976	$1,891,733,995	$1,891,940,533	$206,538	182	6.00%	5.81%	5.79%	5.84%	5.73%
					EOM Comp. Tsy.	5.39%	5.50%	5.40%	5.24%	5.44%
					Difference	0.61%	0.31%	0.39%	0.60%	0.29%
					WAM at Mo. End	182	203	209	189	186
Prior Month's Totals	$1,751,615,370	$1,747,068,719	$1,746,925,211	($143,508)	203	5.81%				
Change from Prior Month	$145,895,606	$144,665,276	$145,015,322	$350,046	(21)	0.19%				





5-3

5-3