

HOUSE BILL No. 2152

By Committee on Financial Institutions and Pensions

Requested by Representative Hoheisel on behalf of the 2024 Special Committee on Centralized Pooled Collateral and PMIB Modernization

1-29

1 AN ACT concerning public moneys; relating to the deposit and investment
2 thereof; authorizing financial institutions designated as public
3 depositories to secure governmental unit deposits in excess of the
4 amount insured or guaranteed by the federal deposit insurance
5 corporation by utilizing a public moneys pooled method of securities;
6 directing the state treasurer to establish procedures therefor; requiring
7 financial institutions to make certain reports upon the request of a
8 governmental unit; prohibiting investment advisers that execute bids
9 for the investment of public moneys from engaging in a principal
10 transaction with a governmental unit directly related to such public
11 moneys; allowing municipal bond proceeds and governmental unit
12 deposits to be invested in a financial institution at a rate agreed upon by
13 the governmental unit and the financial institution; equalizing the bank
14 investment rate with the municipal investment pool rate; requiring
15 certification from governmental units that deposits in the municipal
16 investment pool fund were first offered to a bank, savings and loan
17 association or savings bank in the preceding year; allowing eligible
18 financial institutions to file a complaint with the state treasurer upon the
19 failure of a governmental unit to comply with such certification;
20 establishing the investment rate for the pooled money investment board
21 bank certificate of deposit program; amending K.S.A. 9-1402, 10-131,
22 12-1675, 12-1675a and 12-1677a and K.S.A. 2024 Supp. 75-4237 and
23 repealing the existing sections.
24

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

26 New Section 1. (a) For purposes of sections 1 through 3, and
27 amendments thereto:

- 28 (1) "Administrator" means the treasurer or the treasurer's designee.
29 (2) "Governmental unit" means the state or any county, municipality
30 or other political subdivision thereof.
31 (3) "Public moneys" means the same as defined in K.S.A. 9-701, and
32 amendments thereto.
33 (4) "Public moneys pooled method" or "pool of securities" means
34 shares of investment companies registered under the federal investment

1 company act of 1940 when the investment companies' assets are limited to
2 obligations that are eligible for investment by the bank, savings and loan
3 association or savings bank and limited by their prospectuses to owning
4 securities enumerated in K.S.A. 9-1402(c), and amendments thereto.

5 (5) "Treasurer" means the state treasurer.

6 (b) As an alternative to the requirements to secure the deposit of
7 public moneys in excess of the amount insured or guaranteed by the
8 federal deposit insurance corporation pursuant to K.S.A. 9-1402 and 12-
9 1675, and amendments thereto, a bank, savings and loan association or
10 savings bank designated as a public depository may secure the deposits of
11 one or more governmental units by depositing, pledging or granting a
12 security interest in a pool of securities to secure the repayment of all public
13 moneys deposited in such bank, savings and loan association or savings
14 bank by such governmental units and not otherwise secured pursuant to
15 law, if at all times the aggregate market value on such pool of securities so
16 deposited, pledged or in which a security interest is granted is equal to at
17 least 102% of the amount on deposit that is in excess of the amount so
18 insured or guaranteed. Each such bank, savings and loan association or
19 savings bank shall carry on such bank's or association's accounting records
20 a general ledger or other appropriate accounting of the total amount of all
21 public moneys to be secured by the pool of securities as determined at the
22 opening of each business day and the aggregate market value of the pool
23 of securities deposited, pledged or in which a security interest is granted to
24 secure such public moneys.

25 (c) The treasurer may serve as the administrator with respect to a
26 public moneys pooled method or may designate a bank, savings and loan
27 association, savings bank, trust company or other qualified firm,
28 corporation or association that is authorized to transact business in this
29 state to serve as the administrator. Fees and expenses of such administrator
30 shall be paid by the banks, savings and loan association or savings bank
31 utilizing the public moneys pooled method.

32 (d) If a bank, savings and loan association or savings bank elects to
33 secure the deposit of public moneys through the use of the public moneys
34 pooled method, such bank, savings and loan association or savings bank
35 shall notify the administrator in writing that such bank, savings and loan
36 association or savings bank has elected to utilize the public funds pooled
37 method and the proposed effective date of such notification.

38 (e) The public moneys pooled method shall not be utilized by any
39 bank, savings and loan association or savings bank unless the treasurer
40 establishes a public moneys pooled method in accordance with this section
41 or designates an administrator pursuant to subsection (c).

42 (f) This section shall take effect on and after January 1, 2026.

43 New Sec. 2. (a) When the treasurer determines that a bank, savings

1 and loan association or savings bank has experienced a default, the
2 treasurer shall:

3 (1) Ascertain the aggregate amounts of public moneys secured
4 pursuant to K.S.A. 9-1402 and 12-1675, and amendments thereto, and
5 deposited in such bank, savings and loan association or savings bank that
6 has defaulted, as disclosed by the records of such bank, savings and loan
7 association or savings bank. The treasurer shall determine for each
8 governmental unit for which public moneys are deposited in the defaulting
9 bank, savings and loan association or savings bank the accounts and
10 amount of federal deposit insurance or guarantee that is available for each
11 account. The treasurer shall then determine for each such governmental
12 unit the amount of public moneys not insured or guaranteed by the federal
13 deposit insurance corporation and the amount of public moneys secured by
14 a pool of securities pledged, deposited or in which a security interest has
15 been granted to secure such public moneys. Upon completion of such
16 determination, the treasurer shall provide each such governmental unit
17 with a statement that reports the amount of public moneys deposited by
18 such governmental unit in the defaulting bank, savings and loan
19 association or savings bank, the amount of public moneys that may be
20 insured or guaranteed by the federal deposit insurance corporation and the
21 amount of public moneys secured by a pool of securities, or any
22 combination thereof, pursuant to K.S.A. 9-1402 and 12-1675, and
23 amendments thereto. Each such governmental unit shall verify the
24 information in such report with such governmental unit's records within 10
25 business days after receiving the report and information from the treasurer;
26 and

27 (2) shall repay each governmental unit for the public moneys not
28 insured or guaranteed by the federal deposit insurance corporation
29 deposited in the bank, savings and loan association or savings bank by the
30 governmental unit upon receipt of a verified report from such
31 governmental unit and if the defaulting bank, savings and loan association
32 or savings bank is to be liquidated or if for any other reason the treasurer
33 determines that public moneys are not likely to be promptly paid upon
34 demand. In the event that the amount of the deposit guaranty bond or the
35 proceeds of the securities held by the treasurer after liquidation is
36 insufficient to cover all public moneys not insured or guaranteed by the
37 federal deposit insurance corporation for all governmental units served by
38 the treasurer, the treasurer shall pay out to each governmental unit
39 available amounts pro rata in accordance with the respective public
40 moneys not insured or guaranteed by the federal deposit insurance
41 corporation for each such governmental unit.

42 (b) In the event that a federal deposit insurance agency is appointed
43 and acts as a liquidator or receiver of any bank, savings and loan

1 association or savings bank under state or federal law, the duties under this
 2 section that are specified to be performed by the treasurer in the event of
 3 default may be delegated to and performed by such federal deposit
 4 insurance agency.

5 (c) This section shall take effect on and after January 1, 2026.

6 New Sec. 3. (a) A bank, savings and loan association or savings bank,
 7 upon the request of a governmental unit, shall report as of the date of such
 8 request the amount of public moneys deposited in such bank, savings and
 9 loan association or savings bank that is not insured or guaranteed by the
 10 federal deposit insurance corporation by:

11 (1) The governmental unit making the request; and

12 (2) all other governmental units and secured pursuant to K.S.A. 9-
 13 1402 and 12-1675, and amendments thereto, and the aggregate market
 14 value of the pool of securities deposited, pledged or in which a security
 15 interest has been granted to secure public moneys held by the bank,
 16 savings and loan association or savings bank, including those public
 17 moneys deposited by the governmental unit.

18 (b) A qualified trustee, upon the request of a governmental unit, shall
 19 report as of the date of such request the aggregate market value of the pool
 20 of securities deposited, pledged or in which a security interest has been
 21 granted by the bank, savings and loan association or savings bank and
 22 provide an itemized list of the securities in such pool. The governmental
 23 unit shall specify the date on which such report shall be made by such
 24 qualified trustee.

25 (c) This section shall take effect on and after January 1, 2026.

26 New Sec. 4. (a) An investment adviser that executes bids for the
 27 investment of public moneys on behalf of a governmental unit shall not be
 28 permitted to engage in a principal transaction with the governmental unit
 29 that is the same or directly related to the issue of securities or financial
 30 product for which the investment adviser is providing or has provided
 31 advice. Nothing in this section shall prevent governmental units from
 32 engaging with a federally registered investment adviser.

33 (b) For purposes of this section:

34 (1) "Governmental unit" means the state or any county, municipality
 35 or other political subdivision thereof; and

36 (2) "investment adviser" means the same as defined in K.S.A. 17-
 37 12a102, and amendments thereto.

38 Sec. 5. K.S.A. 9-1402 is hereby amended to read as follows: 9-1402.

39 (a) Before any deposit of public moneys or funds shall be made by any
 40 ~~municipal corporation or quasi-municipal corporation~~ *governmental unit*
 41 of the state of Kansas with any bank, savings and loan association or
 42 savings bank, such ~~municipal or quasi-municipal corporation~~
 43 *governmental unit* shall obtain security for such deposit in one of the

1 following manners prescribed by this section.

2 (b) Such bank, savings and loan association or savings bank may give
3 a corporate surety bond of some surety corporation authorized to do
4 business in this state, ~~which~~. *Such* bond shall be in an amount equal to the
5 public moneys or funds on deposit at any given time less the amount of
6 such public moneys or funds ~~which~~ *that* is insured by the federal deposit
7 insurance corporation or its successor and such bond shall be conditioned
8 that such deposit shall be paid promptly on the order of the ~~municipal~~
9 ~~corporation or quasi-municipal corporation~~ *governmental unit* making
10 such deposits.

11 (c) Such bank, savings and loan association or savings bank may
12 deposit, maintain, pledge, assign and grant a security interest in, or cause
13 its agent, trustee, wholly owned subsidiary or affiliate having identical
14 ownership to deposit, maintain, pledge, assign and grant a security interest
15 in, for the benefit of the governing body of the ~~municipal corporation or~~
16 ~~quasi-municipal corporation~~ *governmental unit* in the manner provided in
17 this section, securities, security entitlements, financial assets and securities
18 accounts owned by the depository institution directly or indirectly through
19 the institution's agent or trustee holding securities on the institution's
20 behalf, or owned by the depository institutions wholly owned subsidiary or
21 by such affiliate, the market value of which is equal to 100% of the total
22 deposits at any given time, and such securities, security entitlements,
23 financial assets and securities accounts, may be accepted or rejected by the
24 governing body of the ~~municipal corporation or quasi-municipal~~
25 ~~corporation~~ *governmental unit* and shall consist of the following and
26 security entitlements thereto:

27 (1) Direct obligations of, or obligations that are insured as to principal
28 and interest by, the United States of America or any agency thereof and
29 obligations, including, but not limited to, letters of credit and securities of
30 United States sponsored corporations ~~which~~ *that* under federal law may be
31 accepted as security for public funds;

32 (2) bonds of any ~~municipal corporation or quasi-municipal~~
33 ~~corporation~~ *governmental unit* of the state of Kansas ~~which~~ *that* have been
34 refunded in advance of the bonds' maturity and are fully secured as to
35 payment of principal and interest thereon by deposit in trust, under escrow
36 agreement with a bank, of direct obligations of, or obligations the principal
37 of and the interest on which are unconditionally guaranteed by, the United
38 States of America;

39 (3) bonds of the state of Kansas;

40 (4) general obligation bonds of any ~~municipal corporation or quasi-~~
41 ~~municipal corporation~~ *governmental unit* of the state of Kansas;

42 (5) revenue bonds of any ~~municipal corporation or quasi-municipal~~
43 ~~corporation~~ *governmental unit* of the state of Kansas if approved by the

1 commissioner;

2 (6) temporary notes of any ~~municipal corporation or quasi-municipal~~
3 ~~corporation~~ governmental unit of the state of Kansas ~~which that~~ are
4 general obligations of the ~~municipal or quasi-municipal corporation~~
5 ~~governmental unit~~ issuing ~~the same~~ such temporary notes;

6 (7) warrants of any ~~municipal corporation or quasi-municipal~~
7 ~~corporation~~ governmental unit of the state of Kansas the issuance of which
8 is authorized by the state board of tax appeals and ~~which that~~ are payable
9 from the proceeds of a mandatory tax levy;

10 (8) bonds of either a Kansas not-for-profit corporation or of a local
11 housing authority that are rated at least Aa by Moody's investors service or
12 AA by Standard & Poor's corp.;

13 (9) bonds issued pursuant to K.S.A. 12-1740 et seq., and amendments
14 thereto, that are rated at least MIG-1 or Aa by Moody's investors service or
15 AA by Standard & Poor's corp.;

16 (10) notes of a Kansas not-for-profit corporation that are issued to
17 provide only the interim funds for a mortgage loan that is insured by the
18 federal housing administration;

19 (11) bonds issued pursuant to K.S.A. 74-8901 through 74-8916, and
20 amendments thereto;

21 (12) bonds issued pursuant to K.S.A. 68-2319 through 68-2330, and
22 amendments thereto;

23 (13) commercial paper that does not exceed 270 days to maturity and
24 which has received one of the two highest commercial paper credit ratings
25 by a nationally recognized investment rating firm; or

26 (14) (A) negotiable promissory notes together with first lien
27 mortgages on one to four family residential real estate located in Kansas
28 securing payment of such notes when such notes or mortgages:

29 (i) Are underwritten by the federal national mortgage association, the
30 federal home loan mortgage corporation, the federal housing
31 administration or the veterans administration standards;

32 (ii) have been in existence with the same borrower for at least two
33 years and with no history of any installment being unpaid for 30 days or
34 more; and

35 (iii) are valued at not to exceed 50% of the lesser of the following
36 three values: Outstanding mortgage balance, current appraised value of the
37 real estate or discounted present value based upon current federal national
38 mortgage association or government national mortgage association interest
39 rates quoted for conventional, federal housing administration or veterans
40 administration mortgage loans.

41 (B) Securities under paragraph (A) shall be taken at their value for
42 not more than 50% of the security required under the provisions of this
43 section.

1 (C) Securities under paragraph (A) shall be withdrawn immediately
2 from the collateral pool if any installment is unpaid for 30 days or more.

3 (D) A status report on all such loans shall be provided to the investing
4 governmental entity by the financial institution on a quarterly basis.

5 (d) *Such bank, savings and loan association or savings bank may*
6 *secure the deposit of public moneys of one or more governmental units*
7 *through a pool of eligible securities established by such bank, savings and*
8 *loan association or savings bank with a custodian to be held subject to the*
9 *order of the state treasurer or an administrator designated by the state*
10 *treasurer pursuant to section 1, and amendments thereto, for the benefit of*
11 *the governmental unit having public moneys with such bank, savings and*
12 *loan association or savings bank as provided in section 1, and*
13 *amendments thereto.*

14 (e) No such bank, savings and loan association or savings bank may
15 deposit and maintain for the benefit of the governing body of a ~~municipal~~
16 ~~or quasi-municipal corporation~~ governmental unit of the state of Kansas,
17 any securities which consist of:

18 (1) Bonds secured by revenues of a utility which has been in
19 operation for less than three years; or

20 (2) bonds issued under K.S.A. 12-1740 et seq., and amendments
21 thereto, unless such bonds have been refunded in advance of their maturity
22 as provided in subsection ~~(d)~~ (c) or such bonds are rated at least Aa by
23 Moody's investors service or AA by Standard & Poor's corp.

24 ~~(e)~~(f) Any applicant requesting approval of a revenue bond pursuant
25 to subsection (c)(5) shall pay to the commissioner a fee in an amount
26 established pursuant to K.S.A. 9-1726, and amendments thereto, to defray
27 the expenses of the commissioner in the examination and investigation of
28 the application. The commissioner shall remit all amounts received under
29 this section to the state treasurer in accordance with the provisions of
30 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
31 remittance, the state treasurer shall deposit the entire amount in the state
32 treasury to the credit of the bank investigation fund. The moneys in the
33 bank investigation fund shall be used to pay the expenses of the
34 commissioner in the examination and investigation of such applications
35 and any unused balance shall be transferred to the bank commissioner fee
36 fund.

37 (g) *For purposes of this section, "governmental unit" means the state*
38 *or any county, municipality or other political subdivision of the state.*

39 Sec. 6. K.S.A. 10-131 is hereby amended to read as follows: 10-131.

40 (a) The governing body of any municipality, as defined in K.S.A. 10-101,
41 and amendments thereto, which has issued or may issue bonds or
42 temporary notes for any purpose, is hereby authorized and empowered to
43 invest any portion of the proceeds of such bonds, notes or funds held

1 pursuant to the resolution or ordinance authorizing the issuance of such
2 bonds or notes, which is not currently needed, in:

3 (1) Investments authorized by K.S.A. 12-1675, and amendments
4 thereto, in the manner prescribed therein;

5 (2) the municipal investment pool established pursuant to K.S.A. 12-
6 1677a, and amendments thereto;

7 (3) direct obligations of the United States government or any agency
8 thereof;

9 (4) the municipality's temporary notes issued pursuant to K.S.A. 10-
10 123, and amendments thereto;

11 (5) interest-bearing time deposits in commercial banks located in the
12 county or counties in which the municipality is located *at a rate agreed*
13 *upon by the governing body and the eligible financial institution*;

14 (6) subject to the limitations provided in subsection (b), obligations of
15 the federal national mortgage association, federal home loan banks, the
16 federal home loan mortgage corporation or the government national
17 mortgage association;

18 (7) repurchase agreements for securities described in *paragraph (3)*
19 *or (6)*;

20 (8) investment agreements with or other obligations of a financial
21 institution the obligations of which at the time of investment are rated in
22 either of the three highest rating categories by Moody's investors service or
23 Standard and Poor's corporation;

24 (9) investments in shares or units of a money market fund or trust the
25 portfolio of which is comprised entirely of securities described in
26 *paragraph (3) or (6)*;

27 (10) receipts evidencing ownership interests in securities or portions
28 thereof described in *paragraph (3) or (6)*;

29 (11) municipal bonds or other obligations issued by any municipality
30 of the state of Kansas as defined in K.S.A. 10-1101, and amendments
31 thereto, which are general obligations of the municipality issuing the same;
32 or

33 (12) bonds of any municipality of the state of Kansas as defined in
34 K.S.A. 10-1101, and amendments thereto, which have been refunded in
35 advance of their maturity and are fully secured as to payment of principal
36 and interest thereon by deposit in trust, under escrow agreement with a
37 bank, of securities described in *paragraph (3) or (6)*. The interest received
38 on any such investment shall upon receipt thereof be set aside and used for
39 the purpose of paying interest on the bonds or notes issued or used for
40 paying the cost of the project for which the bonds or notes were issued.

41 (b) No moneys authorized to be invested pursuant to subsection (a)
42 shall be invested in a derivative. For the purposes of this section,
43 "derivative" means any investment instrument whose market price is

1 derived from the fluctuating value of an underlying asset, index, currency,
2 futures contract, including futures, options and collateralized mortgage
3 obligations.

4 *(c) The investments authorized by subsections (a)(2) through (12)*
5 *shall be utilized only if the banks, savings and loan associations and*
6 *savings banks eligible for investments authorized in K.S.A. 12-1675(b)(2),*
7 *and amendments thereto, are not able to make the investments authorized*
8 *under K.S.A. 12-1675(b)(2), and amendments thereto, available to the*
9 *investing governmental unit at an interest rate equal to or greater than the*
10 *investment rate, as defined in K.S.A. 12-1675a(g), and amendments*
11 *thereto.*

12 Sec. 7. K.S.A. 12-1675 is hereby amended to read as follows: 12-
13 1675. (a) The governing body of any county, city, township, school
14 district, area vocational-technical school, community college, firemen's
15 relief association, community mental health center, community facility for
16 people with intellectual disability or any other governmental entity, unit or
17 subdivision in the state of Kansas having authority to receive, hold and
18 expend public moneys or funds may invest any moneys ~~which~~ that are not
19 immediately required for the purposes for which the moneys were
20 collected or received, and the investment of which is not subject to or
21 regulated by any other statute.

22 (b) Such moneys shall be invested only:

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

25 (2) in savings deposits, demand deposits, time deposit, open accounts,
26 certificates of deposit or time certificates of deposit with maturities of not
27 more than two years:

28 (A) In banks, savings and loan associations and savings banks, ~~which~~
29 *that* have main or branch offices located in such investing governmental
30 unit; ~~or~~

31 (B) if no main or branch office of a bank, savings and loan
32 association or savings bank is located in such investing governmental unit,
33 then in banks, savings and loan associations and savings banks, ~~which~~ that
34 have main or branch offices in the county or counties in which all or part
35 of such investing governmental unit is located; *or*

36 (C) *in selecting a bank, savings and loan association or savings bank*
37 *pursuant to paragraphs (A) and (B), the investing governmental unit may*
38 *accept any rate agreed upon by the governmental unit and the eligible*
39 *bank, savings and loan association or savings bank. If a bank, savings and*
40 *loan association or savings bank eligible for an investment deposit*
41 *pursuant to paragraphs (A) and (B) will make such deposits available to*
42 *the investing governmental unit at interest rates equal to or greater than*
43 *the investment rate, as defined in K.S.A. 12-1675a(g), and amendments*

1 *thereto, the investing governmental unit shall select one or more of such*
2 *eligible banks, savings and loan associations or savings banks;*

3 (3) in repurchase agreements with:

4 (A) Banks, savings and loan associations and savings banks, which
5 have main or branch offices located in such investing governmental unit,
6 for direct obligations of, or obligations that are insured as to principal and
7 interest by, the United States government or any agency thereof; or

8 (B) (i) if no main or branch office of a bank, savings and loan
9 association or savings bank, is located in such investing governmental
10 unit; or

11 (ii) if no such bank, savings and loan association or savings bank
12 having a main or branch office located in such investing governmental unit
13 is willing to enter into such an agreement with the investing governmental
14 unit at an interest rate equal to or greater than the investment rate, as
15 defined in ~~subsection (g)~~ of K.S.A. 12-1675a(g), and amendments thereto,
16 then such repurchase agreements may be entered into with banks, savings
17 and loan associations or savings banks which have main or branch offices
18 in the county or counties in which all or part of such investing
19 governmental unit is located; or

20 (C) if no bank, savings and loan association or savings bank, having a
21 main or branch office in such county or counties is willing to enter into
22 such an agreement with the investing governmental unit at an interest rate
23 equal to or greater than the investment rate, as defined in ~~subsection (g)~~ of
24 K.S.A. 12-1675a(g), and amendments thereto, then such repurchase
25 agreements may be entered into with banks, savings and loan associations
26 or savings banks located within this state.

27 (D) *In selecting a bank, savings and loan association or savings bank*
28 *pursuant paragraphs (A), (B) and (C), the governmental unit may accept*
29 *any rate agreed upon by the governmental unit and the eligible bank,*
30 *savings and loan association or savings bank;*

31 (4) in direct obligations of or obligations that are insured as to
32 principal and interest by the United States or any agency thereof, not
33 including mortgage-backed securities with maturities as the governing
34 body shall determine, but not exceeding two years. Such investment
35 transactions shall only be conducted with:

36 (A) Banks, savings and loan associations and savings banks;

37 (B) the federal reserve bank of Kansas City, Missouri; or ~~with~~

38 (C) primary government securities dealers which report to the market
39 report division of the federal reserve bank of New York, or any broker-
40 dealer engaged in the business of selling government securities ~~which that~~
41 is registered in compliance with the requirements of section 15 or 15C of
42 the securities exchange act of 1934 and registered pursuant to K.S.A. 17-
43 12a401, and amendments thereto;

1 (5) in the municipal investment pool fund established in K.S.A. 12-
2 1677a, and amendments thereto;

3 (6) in the investments authorized and in accordance with the
4 conditions prescribed in K.S.A. 12-1677b, and amendments thereto;

5 (7) in multiple municipal client investment pools managed by the
6 trust departments of banks ~~which~~ *that* have main or branch offices located
7 in the county or counties where such investing governmental unit is
8 located or with trust companies incorporated under the laws of this state
9 ~~which~~ *that* have contracted to provide trust services under the provisions
10 of K.S.A. 9-2107, and amendments thereto, with banks ~~which~~ *that* have
11 main or branch offices located in the county or counties in which such
12 investing governmental unit is located. Public moneys invested under this
13 paragraph shall be secured in the same manner as provided for under
14 K.S.A. 9-1402, and amendments thereto. Pooled investments of public
15 moneys made by trust departments under this paragraph shall be subject to
16 the same terms, conditions and limitations as are applicable to the
17 municipal investment pool established by K.S.A. 12-1677a, and
18 amendments thereto; or

19 (8) municipal bonds or other obligations issued by any municipality
20 of the state of Kansas as defined in K.S.A. 10-1101, and amendments
21 thereto, ~~which~~ *that* are general obligations of the municipality issuing the
22 same.

23 (c) The investments authorized in ~~paragraphs (4), (5), (6), (7) or (8)~~
24 ~~of subsection (b)(4), (5), (6), (7) or (8)~~ shall be utilized only if the banks,
25 savings and loan associations and savings banks eligible for investments
26 authorized in ~~paragraph (2) of subsection (b)(2)~~, cannot or will not make
27 the investments authorized in ~~paragraph (2) of subsection (b)(2)~~ available
28 to the investing governmental unit at interest rates equal to or greater than
29 the investment rate, as defined in ~~subsection (g) of K.S.A. 12-1675a(g)~~,
30 and amendments thereto.

31 ~~(d) In selecting a depository pursuant to paragraph (2) of subsection~~
32 ~~(b), if a bank, savings and loan association or savings bank eligible for an~~
33 ~~investment deposit thereunder has an office located in the investing~~
34 ~~governmental unit and such financial institution will make such deposits~~
35 ~~available to the investing governmental unit at interest rates equal to or~~
36 ~~greater than the investment rate, as defined in subsection (g) of K.S.A. 12-~~
37 ~~1675a, and amendments thereto, and such financial institution otherwise~~
38 ~~qualifies for such deposit, the investing governmental unit shall select one~~
39 ~~or more of such eligible financial institutions for deposit of funds pursuant~~
40 ~~to this section. If no such financial institution qualifies for such deposits,~~
41 ~~the investing governmental unit may select for such deposits one or more~~
42 ~~eligible banks, savings and loan associations or savings banks which have~~
43 ~~offices in the county or counties in which all or a part of such investing~~

1 governmental unit is located which will make such deposits available to
2 the investing governmental unit at interest rates equal to or greater than the
3 investment rate, as defined in subsection (g) of K.S.A. 12-1675a, and
4 amendments thereto, and which otherwise qualify for such deposits.

5 ~~(e)~~(d) (1) All security purchases and repurchase agreements shall
6 occur on a delivery versus payment basis.

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

11 ~~(f)~~(e) Public moneys deposited pursuant to subsection (b)(2) of
12 K.S.A. 12-1675, and amendments thereto, by the governing body of any
13 governmental unit listed in subsection (a) of K.S.A. 12-1675, and
14 amendments thereto, through a selected bank, savings and loan association
15 or savings bank which that is part of a reciprocal deposit program in which
16 the bank, savings and loan association or savings bank:

17 (1) Receives reciprocal deposits from other participating institutions
18 located in the United States in an amount equal to the amount of funds
19 deposited by the ~~municipal corporation or quasi-municipal corporation~~
20 *investing governmental unit*, and

21 (2) for which the total cumulative amount of each deposit does not
22 exceed the maximum deposit insurance amount for one depositor at one
23 financial institution as determined by the federal deposit insurance
24 corporation.

25 Such deposits shall not be treated as securities and need not be secured
26 as provided in this or any other ~~act~~ statute.

27 (f) *Public moneys deposited pursuant to subsection (b)(2) by the*
28 *governing body of any investing governmental unit specified in subsection*
29 *(a) through a selected bank, savings and loan association or savings bank*
30 *may be invested in a pool of eligible securities established by such bank,*
31 *savings and loan association or savings bank with a custodian to be held*
32 *subject to the order of the state treasurer or an administrator designated*
33 *by the state treasurer pursuant to section 1, and amendments thereto, for*
34 *the benefit of such investing governmental unit having public moneys with*
35 *such bank, savings and loan association or savings bank as provided in*
36 *section 1, and amendments thereto.*

37 Sec. 8. K.S.A. 12-1675a is hereby amended to read as follows: 12-
38 1675a. As used in K.S.A. 12-1675, 12-1676, 12-1677, 12-1677a and 12-
39 1677b, and amendments thereto:

40 (a) "Bank" means any bank incorporated under the laws of this state
41 or any other state, or organized under the laws of the United States which
42 has a main or branch office in this state;

43 (b) "savings and loan association" means any savings and loan

1 association incorporated under the laws of this state or any other state, or
2 organized under the laws of the United States and which has a main or
3 branch office in this state;

4 (c) "savings bank" means any savings bank organized under the laws
5 of the United States and which has a main or branch office in this state;

6 (d) "municipality" includes each investing governmental unit under
7 K.S.A. 12-1675, and amendments thereto;

8 (e) "main office" means the place of business specified in the articles
9 of association, certificate of authority or similar document, where the
10 business of the institution is carried on and which is not a branch;

11 (f) "branch" means any office within this state, other than the main
12 office, that is approved by a federal or state supervisory agency at which
13 deposits are received, checks paid or money lent. Branch does not include
14 an automated teller machine, remote service unit or similar device or a
15 loan production office; and

16 (g) "investment rate" means a rate which is ~~the equivalent yield for~~
17 ~~United States government securities having a maturity date as published in~~
18 ~~the Wall Street Journal, nearest the maturity date for equivalent maturities.~~
19 ~~The 0-90 day rate shall be computed on the average effective federal funds~~
20 ~~rate as published by the federal reserve system for the previous week set~~
21 ~~by the pooled money investment board for investment in the municipal~~
22 ~~investment pool fund. The rate shall be published daily by the pooled~~
23 ~~money investment board.~~

24 Sec. 9. K.S.A. 12-1677a is hereby amended to read as follows: 12-
25 1677a. (a) Moneys deposited by any municipality with the state treasurer
26 for investment authorized in ~~paragraph (5) of subsection (b) of~~ K.S.A. 12-
27 1675(b)(5), and amendments thereto, shall be deposited in the municipal
28 investment pool fund which is hereby created in the state treasury. The
29 state treasurer shall provide the board a monthly record of the deposits and
30 withdrawals of municipalities. Such record may include the amount of the
31 deposit, the date of the deposit and such other information as the pooled
32 money investment board may require.

33 (b) The director of investments may invest and reinvest moneys in the
34 municipal investment pool fund in accordance with investment policies
35 established by the pooled money investment board under K.S.A. 75-4232,
36 and amendments thereto, and in accordance with K.S.A. 75-4234 and 75-
37 4209, and amendments thereto.

38 (c) The director of investments shall apportion earnings and losses
39 among the accounts of the depositors in the various investment options of
40 the municipal investment pool in accordance with policies approved and
41 published by the board. A statement for each municipality participating
42 unit account showing deposits, withdrawals, earnings and losses
43 distributions shall be provided monthly to the municipality. The director of

1 investments shall make comprehensive reports monthly to those
2 municipalities participating in the municipal investment pool fund and to
3 other interested parties requesting such reports. Such reports shall include
4 a summary of transactions for the month, the current market value of the
5 pooled money investment portfolio investments, the weighted average
6 maturity of the portfolio, the original costs of the investments in the
7 portfolio, including any fees associated with such investments and such
8 other relevant information the director of investments may wish to include
9 in such report.

10 (d) The municipal investment pool reserve fund is abolished effective
11 July 1, 1996, and any unencumbered balance remaining therein shall be
12 applied to net losses in the municipal investment pool fund. The municipal
13 investment pool fund fee fund is abolished on July 1, 1997, and any
14 unencumbered balance remaining therein shall be transferred to the pooled
15 money investment portfolio fee fund and such amounts shall be applied to
16 net losses, as of July 1, 1996, in the municipal investment pool fund.

17 (e) The pooled money investment board may adopt rules and
18 regulations necessary for the administration and operation of the municipal
19 investment pool fund and may enter into agreements with any municipality
20 as to methods of deposits, withdrawals and investments.

21 (f) Deposits in the municipal investment pool fund: (1) May only be
22 made for the same maturity as the maturity which is offered under
23 ~~paragraph (2) of subsection (b) of K.S.A. 12-1675(b)(2), and amendments~~
24 ~~thereto; and (2) upon the maturity of such deposits, such moneys shall be~~
25 ~~offered for investment under paragraph (2) of subsection (b) of K.S.A. 12-~~
26 ~~1675(b)(2), and amendments thereto, and may be reinvested in such fund~~
27 ~~only if the conditions contained in subsection (e) of K.S.A. 12-1675(c),~~
28 ~~and amendments thereto, have been satisfied; and (3) must be~~
29 *accompanied with a certification to prove compliance with K.S.A. 12-*
30 *1675(c), and amendments thereto, and a listing of the banks, savings and*
31 *loan associations and savings banks from which the governmental unit*
32 *requested bids in the preceding calendar year.*

33 (g) Moneys and investments in the municipal investment pool fund
34 shall be managed by the pooled money investment board in accordance
35 with investment policies provided for in K.S.A. 75-4209, and amendments
36 thereto. A copy of such published policies shall be distributed to all
37 municipalities participating in the municipal investment pool fund and to
38 other interested persons requesting a copy of such policies. The pooled
39 money investment board shall not contract for management of investments
40 by a money manager.

41 (h) *If an eligible financial institution, pursuant to K.S.A. 12-1675,*
42 *and amendments thereto, has a good faith reason to believe that a*
43 *governmental entity has not acted in compliance with this section, the*

1 *eligible financial institution may file a complaint with the state treasurer*
2 *in writing and signed by an executive officer of the eligible financial*
3 *institution. The complaint shall be submitted in the form prescribed by the*
4 *state treasurer.*

5 Sec. 10. K.S.A. 2024 Supp. 75-4237 is hereby amended to read as
6 follows: 75-4237.(a) The director of investments shall accept requests
7 from banks interested in obtaining investment accounts of state moneys.
8 Such requests may be submitted any business day and shall specify the
9 dollar amount and maturity. The director of investments is authorized to
10 award the investment account to the requesting bank at the ~~market~~
11 *investment* rate established by subsection (b). Awards of investment
12 accounts pursuant to this section shall be subject to investment policies of
13 the pooled money investment board. When multiple requests are received
14 and are in excess of the amount available for investment that day for any
15 maturity, awards shall be made available in ascending order from smallest
16 to largest dollar amount requested, subject to investment policies of the
17 board. *The maximum dollar amount invested in any one bank shall not*
18 *exceed 2.5% of the bank certificate of deposit program.*

19 (b) *The investment rate shall be determined each business day by the*
20 *director of investments, in accordance with any procedures established by*
21 *the pooled money investment board, at an interest rate that is up to 2%*
22 *less than the market rate provided by this section.*

23 (c) The market rate shall be determined each business day by the
24 director of investments, in accordance with any procedures established by
25 the pooled money investment board. Subject to any policies of the board,
26 the market rate shall reflect the highest rate at which state moneys can be
27 invested on the open market in investments authorized by K.S.A. 75-
28 4209(a), and amendments thereto, for equivalent maturities.

29 ~~(e)~~(d) (1) Notwithstanding the provisions of this section, linked
30 deposits made pursuant to the provisions of K.S.A. 2-3703 through 2-
31 3707, and amendments thereto, shall be at an interest rate that is 2% less
32 than the market rate determined under this section and that shall be
33 recalculated on the first business day of each calendar year using the
34 market rate then in effect.

35 (2) Notwithstanding the provisions of this section, agricultural
36 production loan deposits made pursuant to the provisions of K.S.A. 75-
37 4268 through 75-4274, and amendments thereto, shall be at an interest rate
38 that is 2% less than the market rate provided by this section and that shall
39 be recalculated on the first business day of each calendar year using the
40 market rate then in effect.

41 (3) Notwithstanding the provisions of this section, loan deposits made
42 pursuant to the city utility low-interest loan program shall be at an interest
43 rate that is 2% less than the market rate provided by this section and that

1 shall be recalculated on the first business day of each calendar year using
2 the market rate then in effect.

3 (4) Notwithstanding the provisions of this section, economic recovery
4 loan deposits made pursuant to the Kansas economic recovery loan deposit
5 program shall be at an interest rate that is 2% less than the market rate
6 provided by this section and that shall be recalculated on the first business
7 day of each calendar year using the market rate then in effect.

8 (5) Notwithstanding the provisions of this section, extraordinary
9 utility costs loan deposits made pursuant to the Kansas extraordinary
10 utility costs loan deposit program shall be at an interest rate that is 2% less
11 than the market rate provided by this section and that shall be recalculated
12 on the first business day of each calendar year using the market rate then
13 in effect.

14 ~~(d)~~(e) (1) The director of investments may place deposits through a
15 selected bank, savings and loan association or savings bank that is part of a
16 reciprocal deposit program in which the bank, savings and loan association
17 or savings bank:

18 (A) Receives reciprocal deposits from other participating institutions
19 located in the United States in an amount equal to the amount of funds
20 deposited by the municipal corporation or quasi-municipal corporation;
21 and

22 (B) for which the total cumulative amount of each deposit does not
23 exceed the maximum deposit insurance amount for one depositor at one
24 financial institution as determined by the federal deposit insurance
25 corporation.

26 (2) Such deposits shall not be treated as securities and need not be
27 secured as provided in this or any other act, except that such deposits shall
28 be secured as provided in K.S.A. 75-4218, and amendments thereto, when
29 they are held by the selected financial institution prior to placement with
30 reciprocal institutions or upon maturity.

31 ~~(e)~~(f) The pooled money investment board shall establish procedures
32 for administering reciprocal deposit programs in its investment policies, as
33 authorized by K.S.A. 75-4232, and amendments thereto.

34 Sec. 11. K.S.A. 9-1402, 10-131, 12-1675, 12-1675a and 12-1677a
35 and K.S.A. 2024 Supp. 75-4237 are hereby repealed.

36 Sec. 12. This act shall take effect and be in force from and after its
37 publication in the statute book.