

Substitute for HOUSE BILL No. 2152

By Committee on Financial Institutions and Pensions

3-4

1 AN ACT concerning public moneys; relating to the deposit and investment
2 thereof; mandating financial institutions designated as public
3 depositaries 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 governmental unit deposits to be invested in a
12 financial institution at a rate agreed upon by the governmental unit and
13 the financial institution; requiring certification from governmental units
14 that deposits in the municipal investment pool fund were first offered to
15 a bank, savings and loan association or savings bank in the preceding
16 year; allowing eligible financial institutions to file a complaint with the
17 state treasurer upon the failure of a governmental unit to comply with
18 certain requirements; establishing the investment rate for the pooled
19 money investment board bank certificate of deposit program; amending
20 K.S.A. 9-1402, 12-1675, 12-1677a and 12-1677b and K.S.A. 2024
21 Supp. 75-4237 and repealing the existing sections.

22

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

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

26 (1) "Administrator" means the treasurer or the treasurer's designee.

27 (2) "Governmental unit" means the state or any county, municipality
28 or other political subdivision thereof.

29 (3) "Public moneys" means the same as defined in K.S.A. 9-701, and
30 amendments thereto.

31 (4) "Public moneys pooled method" or "pool of securities" means
32 shares of investment companies registered under the federal investment
33 company act of 1940 when the investment companies' assets are limited to
34 obligations that are eligible for investment by the bank, savings and loan
35 association or savings bank and limited by their prospectuses to owning
36 securities enumerated in K.S.A. 9-1402(c), and amendments thereto.

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

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

22 (c) The treasurer may serve as the administrator with respect to a
23 public moneys pooled method or may designate a bank, savings and loan
24 association, savings bank, trust company or other qualified firm,
25 corporation or association that is authorized to transact business in this
26 state to serve as the administrator. The administrator shall not accept
27 public deposits from a governmental unit while administering the public
28 moneys pooled method pursuant to this section. The administrator shall
29 submit a formal conflict of interest document in a manner prescribed by
30 the treasurer. Expenses of such administrator shall be paid by the office of
31 the state treasurer.

32 (d) The administrator shall be tasked with assessing and managing
33 the sufficiency of the public moneys pooled method, including, but not
34 limited to, the compliance by a bank, savings and loan association or
35 savings bank that the aggregate market value of the pool of securities of
36 such bank, savings and loan association or savings bank is an amount of
37 not less than 102% of the total amount of public moneys or public funds
38 less the portion of such public moneys or funds insured or guaranteed by
39 the federal deposit insurance corporation and pursuant to K.S.A. 9-1402
40 and 12-1675, and amendments thereto. To fulfill the duties of sections 1
41 through 3, and amendments thereto, the treasurer may adopt rules and
42 regulations to administer and implement the provisions of sections 1
43 through 3, and amendments thereto, including, but not limited to, rules and

1 regulations to assess and manage the sufficiency of the public moneys
2 pooled method.

3 (e) A bank, savings and loan association or savings bank in which
4 public moneys or public funds are deposited may at any time substitute,
5 exchange or release securities deposited if such substitution, exchange or
6 release does not reduce the aggregate market value of the pool of securities
7 to an amount that is less than 102% of the total amount of public moneys
8 or public funds less the portion of such public moneys or funds insured or
9 guaranteed by the federal deposit insurance corporation and pursuant to
10 K.S.A. 9-1402 and 12-1675, and amendments thereto. A bank, savings and
11 loan association or savings bank shall notify the administrator if additional
12 collateral is required to be pledged due to an increase in deposits placed by
13 the governmental unit. A bank, savings and loan association or savings
14 bank shall notify the administrator if a bank, savings and loan association
15 or savings bank desires to release collateral due to a reduction in
16 governmental unit deposits.

17 (f) Each bank, savings and loan association or savings bank that
18 satisfies its requirement to secure the deposit of public moneys or public
19 funds in excess of the amount insured or guaranteed by the federal deposit
20 insurance corporation by depositing, pledging or granting a security
21 interest in a single pool of securities, or any combination thereof, shall, on
22 or before the 10th day of each month, render to the administrator a
23 statement showing as of the last business day of the previous month the:

24 (1) Amount of public moneys or public funds deposited in such bank,
25 savings and loan association or savings bank that is not insured or
26 guaranteed by the federal deposit insurance corporation by:

27 (A) Each governmental unit separately; and

28 (B) all governmental units in the aggregate;

29 (2) aggregate market value of the pool of securities; and

30 (3) name, phone number and email address of a representative of each
31 governmental unit represented in the pool.

32 (g) Not later than 20 days after the deadline for receiving the
33 statement required under subsection (f), the administrator shall provide a
34 report to each governmental unit listed in such statement reflecting:

35 (1) The amount of public moneys or public funds deposited in such
36 bank, savings and loan association or savings bank by each governmental
37 unit as of the last business day of the previous month that is not insured or
38 guaranteed by the federal deposit insurance corporation and that is secured
39 pursuant to K.S.A. 9-1402 and 12-1675, and amendments thereto; and

40 (2) the aggregate market value of the pool of securities deposited as
41 of the last business day of the previous month.

42 Such report shall clearly notify the governmental unit if the value of the
43 securities did not meet the statutory requirement.

1 (h) If the administrator at any time determines that the value of the
2 securities does not meet the statutory requirement, the administrator shall
3 send notice to the bank, savings and loan association or savings bank
4 allowing such bank, savings and loan association or savings bank up to
5 five business days to adjust the securities to meet the statutory
6 requirement. If a bank, savings and loan association or savings bank does
7 not meet the statutory requirement within the required timeframe, such
8 bank, savings and loan association or savings bank shall be subject to a
9 fine and potential sanctions issued by the administrator pursuant to rules
10 and regulations adopted by the treasurer.

11 (i) The public moneys pooled method shall not be utilized by any
12 bank, savings and loan association or savings bank unless the treasurer
13 establishes a public moneys pooled method in accordance with this section
14 or designates an administrator pursuant to subsection (c).

15 (j) This section shall take effect on and after January 1, 2026.

16 New Sec. 2. (a) When the administrator determines that a bank,
17 savings and loan association or savings bank has experienced a default, the
18 administrator shall:

19 (1) Ascertain the aggregate amounts of public moneys secured
20 pursuant to K.S.A. 9-1402 and 12-1675, and amendments thereto, and
21 deposited in such bank, savings and loan association or savings bank that
22 has defaulted, as disclosed by the records of such bank, savings and loan
23 association or savings bank. The administrator shall determine for each
24 governmental unit for which public moneys are deposited in the defaulting
25 bank, savings and loan association or savings bank the accounts and
26 amount of federal deposit insurance or guarantee that is available for each
27 account. The administrator shall then determine for each such
28 governmental unit the amount of public moneys not insured or guaranteed
29 by the federal deposit insurance corporation and the amount of public
30 moneys secured by a pool of securities pledged. Upon completion of such
31 determination, the administrator shall provide each such governmental unit
32 with a statement that reports the amount of public moneys deposited by
33 such governmental unit in the defaulting bank, savings and loan
34 association or savings bank, the amount of public moneys that may be
35 insured or guaranteed by the federal deposit insurance corporation and the
36 amount of public moneys secured by a pool of securities, or any
37 combination thereof, pursuant to K.S.A. 9-1402 and 12-1675, and
38 amendments thereto. Each such governmental unit shall verify the
39 information in such report with such governmental unit's records within 10
40 business days after receiving the report and information from the
41 administrator; and

42 (2) shall repay each governmental unit for the public moneys not
43 insured or guaranteed by the federal deposit insurance corporation

1 deposited in the bank, savings and loan association or savings bank by the
2 governmental unit upon receipt of a verified report from such
3 governmental unit. The administrator may liquidate the securities pledged
4 for immediate distribution if the defaulting bank, savings and loan
5 association or savings bank is to be liquidated or if, for any other reason,
6 the administrator determines that public moneys are not likely to be
7 promptly paid upon demand. In the event that the amount of the deposit
8 guaranty bond or the proceeds of the securities held by the administrator
9 after liquidation is insufficient to cover all public moneys not insured or
10 guaranteed by the federal deposit insurance corporation for all
11 governmental units served by the administrator, the administrator shall pay
12 out to each governmental unit available amounts pro rata in accordance
13 with the respective public moneys not insured or guaranteed by the federal
14 deposit insurance corporation for each such governmental unit.

15 (b) Any liquidation occurring under the provisions of this section
16 shall conform to the procedures established in this section. In the event
17 that a federal deposit insurance agency is appointed and acts as a liquidator
18 or receiver of any bank, savings and loan association or savings bank
19 under state or federal law, the duties under this section that are specified to
20 be performed by the administrator in the event of default may be delegated
21 to and performed by such federal deposit insurance agency.

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

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

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

29 (2) the total amount for all other governmental units secured pursuant
30 to K.S.A. 9-1402 and 12-1675, and amendments thereto, and the aggregate
31 market value of the pool of securities deposited, pledged or in which a
32 security interest has been granted to secure public moneys held by the
33 bank, savings and loan association or savings bank, including those public
34 moneys deposited by the governmental unit.

35 Such report shall be made on or before the date that the governmental
36 unit specifies.

37 (b) A qualified trustee, upon the request of a governmental unit, shall
38 report as of the date of such request the aggregate market value of the pool
39 of securities deposited, pledged or in which a security interest has been
40 granted by the bank, savings and loan association or savings bank and
41 provide an itemized list of the securities in such pool. The governmental
42 unit shall specify the date on which such report shall be made by such
43 qualified trustee.

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

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

9 (b) For purposes of this section:

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

12 (2) "investment adviser" means the same as defined in K.S.A. 17-
13 12a102, and amendments thereto.

14 New Sec. 5. (a) If an eligible financial institution has a good faith
15 reason to believe that a governmental entity has not acted in compliance
16 with K.S.A. 12-1675, 12-1677a or 12-1677b, and amendments thereto, the
17 eligible financial institution may file a complaint with the state treasurer in
18 writing and signed by an executive officer of the eligible financial
19 institution. The complaint shall be submitted in the form prescribed by the
20 state treasurer.

21 (b) Each filed complaint shall be confidential, not subject to the open
22 records act, K.S.A. 45-215 et seq., and amendments thereto, and not be
23 disclosed except as provided in this section. The provisions of this
24 subsection shall expire on July 1, 2030, unless the legislature reviews and
25 acts to continue such provisions pursuant to K.S.A. 45-229, and
26 amendments thereto, prior to July 1, 2030.

27 (c) If the state treasurer determines that such verified complaint does
28 allege facts, directly or upon information and belief, sufficient to constitute
29 a violation of the provisions of K.S.A. 12-1675, 12-1677a or 12-1677b,
30 and amendments thereto, the state treasurer shall promptly investigate the
31 alleged violation.

32 (d) If, after the investigation, the state treasurer finds that probable
33 cause does not exist to believe the allegations of the complaint, the state
34 treasurer shall dismiss the complaint. If, after such preliminary
35 investigation, the state treasurer finds that probable cause exists to believe
36 the allegations of the complaint, such complaint shall no longer be
37 confidential and may be disclosed. Upon making any such finding, the
38 state treasurer shall fix a time for a hearing on the matter, which shall be
39 not more than 30 days after such finding. In either event the state treasurer
40 shall notify the complainant and the respondent of the state treasurer's
41 determination.

42 (e) The state treasurer shall notify the attorney general and the pooled
43 money investment board of any apparent violation of law that is

1 discovered during the course of any such investigation.

2 (f) Any governmental entity that knowingly violates the provisions of
3 K.S.A. 12-1675, 12-1677a or 12-1677b, and amendments thereto, for a
4 first violation shall be required to complete a training approved by the
5 state treasurer concerning the requirements of K.S.A. 12-1675, 12-1677a
6 or 12-1677b, and amendments thereto. For a second and each succeeding
7 violation, the governmental entity shall be liable for the payment of a civil
8 penalty in an action brought by the attorney general, in a sum set by the
9 court of not to exceed \$500 for each violation. Any civil penalty sued for
10 and recovered hereunder by the attorney general shall be paid into the
11 attorney general's open government fund.

12 Sec. 6. K.S.A. 9-1402 is hereby amended to read as follows: 9-1402.

13 (a) Before any deposit of public moneys or funds shall be made by any
14 ~~municipal corporation or quasi-municipal corporation~~ *governmental unit*
15 of the state of Kansas with any bank, savings and loan association or
16 savings bank, such ~~municipal or quasi-municipal corporation~~
17 *governmental unit* shall obtain security for such deposit in one of the
18 following manners prescribed by this section.

19 (b) Such bank, savings and loan association or savings bank may give
20 a corporate surety bond of some surety corporation authorized to do
21 business in this state, ~~which~~. *Such* bond shall be in an amount equal to the
22 public moneys or funds on deposit at any given time less the amount of
23 such public moneys or funds ~~which~~ *that* is insured by the federal deposit
24 insurance corporation or its successor and such bond shall be conditioned
25 that such deposit shall be paid promptly on the order of the ~~municipal~~
26 ~~corporation or quasi-municipal corporation~~ *governmental unit* making
27 such deposits.

28 (c) Such bank, savings and loan association or savings bank may
29 deposit, maintain, pledge, assign and grant a security interest in, or cause
30 its agent, trustee, wholly owned subsidiary or affiliate having identical
31 ownership to deposit, maintain, pledge, assign and grant a security interest
32 in, for the benefit of the governing body of the ~~municipal corporation or~~
33 ~~quasi-municipal corporation~~ *governmental unit* in the manner provided in
34 this section, securities, security entitlements, financial assets and securities
35 accounts owned by the depository institution directly or indirectly through
36 the institution's agent or trustee holding securities on the institution's
37 behalf, or owned by the depository institutions wholly owned subsidiary or
38 by such affiliate, the market value of which is equal to 100% of the total
39 deposits at any given time, and such securities, security entitlements,
40 financial assets and securities accounts, may be accepted or rejected by the
41 governing body of the ~~municipal corporation or quasi-municipal~~
42 ~~corporation~~ *governmental unit* and shall consist of the following and
43 security entitlements thereto:

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

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

13 (3) bonds of the state of Kansas;

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

16 (5) revenue bonds of any ~~municipal corporation or quasi-municipal~~
17 ~~corporation~~ *governmental unit* of the state of Kansas if approved by the
18 commissioner;

19 (6) temporary notes of any ~~municipal corporation or quasi-municipal~~
20 ~~corporation~~ *governmental unit* of the state of Kansas ~~which that~~ are
21 general obligations of the ~~municipal or quasi-municipal corporation~~
22 *governmental unit* issuing ~~the same~~ *such temporary notes*;

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

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

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

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

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

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

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

43 (14) (A) negotiable promissory notes together with first lien

1 mortgages on one to four family residential real estate located in Kansas
2 securing payment of such notes when such notes or mortgages:

3 (i) Are underwritten by the federal national mortgage association, the
4 federal home loan mortgage corporation, the federal housing
5 administration or the veterans administration standards;

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

9 (iii) are valued at not to exceed 50% of the lesser of the following
10 three values: Outstanding mortgage balance, current appraised value of the
11 real estate or discounted present value based upon current federal national
12 mortgage association or government national mortgage association interest
13 rates quoted for conventional, federal housing administration or veterans
14 administration mortgage loans.

15 (B) Securities under ~~paragraph~~ *subparagraph* (A) shall be taken at
16 their value for not more than 50% of the security required under the
17 provisions of this section.

18 (C) Securities under ~~paragraph~~ *subparagraph* (A) shall be withdrawn
19 immediately from the collateral pool if any installment is unpaid for 30
20 days or more.

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

23 (d) *Such bank, savings and loan association or savings bank shall*
24 *secure the deposit of public moneys of one or more governmental units*
25 *through the public moneys pooled method pursuant to section 1, and*
26 *amendments thereto, for the benefit of the governmental unit having public*
27 *moneys with such bank, savings and loan association or savings bank as*
28 *provided in section 1, and amendments thereto.*

29 (e) No such bank, savings and loan association or savings bank may
30 deposit and maintain for the benefit of the governing body of a ~~municipal~~
31 ~~or quasi-municipal corporation~~ *governmental unit* of the state of Kansas,
32 any securities ~~which~~ *that* consist of:

33 (1) Bonds secured by revenues of a utility ~~which~~ *that* has been in
34 operation for less than three years; or

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

39 ~~(e)~~(f) Any applicant requesting approval of a revenue bond pursuant
40 to subsection (c)(5) shall pay to the commissioner a fee in an amount
41 established pursuant to K.S.A. 9-1726, and amendments thereto, to defray
42 the expenses of the commissioner in the examination and investigation of
43 the application. The commissioner shall remit all amounts received under

1 this section to the state treasurer in accordance with the provisions of
2 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
3 remittance, the state treasurer shall deposit the entire amount in the state
4 treasury to the credit of the bank investigation fund. The moneys in the
5 bank investigation fund shall be used to pay the expenses of the
6 commissioner in the examination and investigation of such applications
7 and any unused balance shall be transferred to the bank commissioner fee
8 fund.

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

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

21 (b) Such moneys shall be invested only:

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

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

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

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

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

1 *more of such eligible banks, savings and loan associations or savings*
2 *banks;*

3 (3) in repurchase agreements with:

4 (A) Banks, savings and loan associations and savings banks, ~~which~~
5 *that* have main or branch offices located in such investing governmental
6 unit, for direct obligations of, or obligations that are insured as to principal
7 and 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~~ *that* have main or branch
18 offices 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 subparagraphs (A), (B) and (C), the governmental unit may*
29 *accept any rate agreed upon by the governmental unit and the eligible*
30 *bank, 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~~ *that* report to the
39 market report division of the federal reserve bank of New York, or any
40 broker-dealer engaged in the business of selling government securities
41 ~~which~~ *that* is registered in compliance with the requirements of section 15
42 or 15C of the securities exchange act of 1934 and registered pursuant to
43 K.S.A. 17-12a401, 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 *shall be secured by the public moneys pooled method pursuant to section*
31 *1, and amendments thereto, for the benefit of such investing governmental*
32 *unit having public moneys with such bank, savings and loan association or*
33 *savings bank as provided in section 1, and amendments thereto.*

34 (g) *In selecting a depository institution pursuant to subsection (b)(2),*
35 *an investing governmental unit shall allow an eligible financial institution*
36 *two business days to respond to the bid.*

37 Sec. 8. K.S.A. 12-1677a is hereby amended to read as follows: 12-
38 1677a. (a) Moneys deposited by any municipality with the state treasurer
39 for investment authorized in ~~paragraph (5) of subsection (b) of K.S.A. 12-~~
40 ~~1675(b)(5)~~, and amendments thereto, shall be deposited in the municipal
41 investment pool fund, which is hereby created in the state treasury. The
42 state treasurer shall provide the board a monthly record of the deposits and
43 withdrawals of municipalities. Such record may include the amount of the

1 deposit, the date of the deposit and such other information as the pooled
2 money investment board may require.

3 (b) The director of investments may invest and reinvest moneys in the
4 municipal investment pool fund in accordance with investment policies
5 established by the pooled money investment board under K.S.A. 75-4232,
6 and amendments thereto, and in accordance with K.S.A. 75-4234 and 75-
7 4209, and amendments thereto.

8 (c) The director of investments shall apportion earnings and losses
9 among the accounts of the depositors in the various investment options of
10 the municipal investment pool in accordance with policies approved and
11 published by the board. A statement for each municipality participating
12 unit account showing deposits, withdrawals, earnings and losses
13 distributions shall be provided monthly to the municipality. The director of
14 investments shall make comprehensive reports monthly to those
15 municipalities participating in the municipal investment pool fund and to
16 other interested parties requesting such reports. Such reports shall include
17 a summary of transactions for the month, the current market value of the
18 pooled money investment portfolio investments, the weighted average
19 maturity of the portfolio, the original costs of the investments in the
20 portfolio, including any fees associated with such investments and such
21 other relevant information the director of investments may wish to include
22 in such report.

23 (d) The municipal investment pool reserve fund is abolished effective
24 July 1, 1996, and any unencumbered balance remaining therein shall be
25 applied to net losses in the municipal investment pool fund. The municipal
26 investment pool fund fee fund is abolished on July 1, 1997, and any
27 unencumbered balance remaining therein shall be transferred to the pooled
28 money investment portfolio fee fund and such amounts shall be applied to
29 net losses, as of July 1, 1996, in the municipal investment pool fund.

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

34 (f) Deposits in the municipal investment pool fund: (1) May only be
35 made for the same maturity as the maturity ~~which~~ *that* is offered under
36 ~~paragraph (2) of subsection (b) of K.S.A. 12-1675(b)(2), and amendments~~
37 ~~thereto; and~~ (2) upon the maturity of such deposits, such moneys shall be
38 offered for investment under ~~paragraph (2) of subsection (b) of K.S.A. 12-~~
39 ~~1675(b)(2), and amendments thereto, and may be reinvested in such fund~~
40 ~~only if the conditions contained in subsection (e) of K.S.A. 12-1675(c),~~
41 ~~and amendments thereto, have been satisfied; and (3) shall be~~
42 ~~accompanied with a certification to prove compliance with K.S.A. 12-~~
43 ~~1675(c), and amendments thereto, and a listing of the banks, savings and~~

1 *loan associations and savings banks from which the governmental unit*
2 *requested bids.*

3 (g) Moneys and investments in the municipal investment pool fund
4 shall be managed by the pooled money investment board in accordance
5 with investment policies provided for in K.S.A. 75-4209, and amendments
6 thereto. A copy of such published policies shall be distributed to all
7 municipalities participating in the municipal investment pool fund and to
8 other interested persons requesting a copy of such policies. The pooled
9 money investment board shall not contract for management of investments
10 by a money manager.

11 Sec. 9. K.S.A. 12-1677b is hereby amended to read as follows: 12-
12 1677b. (a) The governing body of any city, county or school district ~~which~~
13 *that* has a written investment policy approved by the governing body of
14 such city, county or school district and such written investment policy is
15 approved by the pooled money investment board as provided in subsection
16 (b) may invest and reinvest pursuant to the approved investment policy in
17 the following investments, as authorized under ~~paragraph (6) of subsection~~
18 ~~(b) of K.S.A. 12-1675(b)(6)~~, and amendments thereto:

19 (1) Direct obligations of, or obligations that are insured as to principal
20 and interest by, the United States of America or any agency thereof and
21 obligations and securities of United States ~~sponsored government-~~
22 *sponsored enterprises which that* under federal law may be accepted as
23 security for public funds, except that such investments shall not be in
24 mortgage-backed securities;

25 (2) interest-bearing time deposits in any banks, savings and loan
26 associations and savings banks; or

27 (3) repurchase agreements with banks, savings and loan associations
28 and savings banks, or with a primary government securities dealer ~~which~~
29 *that* reports to the market reports division of the federal reserve bank of
30 New York for direct obligations of, or obligations that are insured as to
31 principal and interest by, the United States government or any agency
32 thereof and obligations and securities of United States ~~government-~~
33 *sponsored government-sponsored enterprises which that* under federal law
34 may be accepted as security for public funds.

35 (b) In approving the investment policy of any city, county or school
36 district, the pooled money investment board shall require that such policy
37 addresses liquidity, diversification, safety of principal, yield, maturity and
38 quality and capability of investment management staff. In addition, the
39 policy shall provide procedures for compliance with ~~subsection (c) of~~
40 K.S.A. 12-1675(c), and amendments thereto, and a certification from the
41 investment management staff that those procedures have been followed.

42 (c) The investment policy of any city, county or school district
43 approved by the pooled money investment board under this section shall

1 be reviewed and approved at least annually by such board or when such
 2 city, county or school district makes changes in such investment policy. On
 3 condition of approving the investment policy, the pooled money
 4 investment board shall review the policy to assure that it addresses
 5 liquidity, diversification, safety of principal, yield, maturity and quality
 6 and capability of investment management staff. In addition, the policy
 7 shall provide procedures for compliance with ~~subsection (e)~~ of K.S.A. 12-
 8 1675(c), and amendments thereto, a certification from the investment
 9 management staff that those procedures have been followed and:

10 (1) A listing of the banks, savings and loan associations and savings
 11 banks from which the city, county or school district requested bids in the
 12 preceding year;

13 (2) *an annual portfolio holdings report in a form prescribed by the*
 14 *pooled money investment board; and*

15 (3) *any fee or cost that the city, county or school district is paying for*
 16 *investment adviser services.*

17 (d) *The pooled money investment board shall report annually to the*
 18 *legislature a list of cities, counties and school districts that have been*
 19 *approved under this section, including the documents provided in*
 20 *subsection (c).*

21 (e) (1) All security purchases shall occur on a delivery versus
 22 payment basis.

23 (2) All securities shall be perfected in the name of the city, county or
 24 school district and shall be delivered to the purchaser or a ~~third party~~ *third-*
 25 *party* custodian, which may be the state treasurer.

26 (3) Investment transactions shall only be conducted with banks,
 27 savings and loan associations and savings banks; ~~or, with primary~~
 28 ~~government securities dealers~~ *which that* report to the market report
 29 division of the federal reserve bank of New York; ~~or any broker-dealer~~
 30 ~~which that~~ *is* registered in compliance with the requirements of section
 31 15C of the securities exchange act of 1934 and registered pursuant to
 32 K.S.A. 17-12a401, and amendments thereto.

33 (4) The maximum maturity for investments under subsection (a) shall
 34 be four years.

35 ~~(e)(f)~~ Investments in securities under ~~paragraph (1)~~ of subsection (a)
 36 (1) shall be limited to securities ~~which that~~ do not have any more interest
 37 rate risk than do direct United States government obligations of similar
 38 maturities. For purposes of this subsection, "interest rate risk" means
 39 market value changes due to changes in current interest rates.

40 ~~(f)(g)~~ A city, county or school district ~~which that~~ violates ~~subsection~~
 41 ~~(e) or (d)~~ of K.S.A. 12-1675(c), and amendments thereto, or the rules and
 42 regulations of the pooled money investment board shall forfeit its rights
 43 under this section for a two year period and shall be reinstated only after a

1 complete review of its investment policy as provided for in subsection (b).
2 Such forfeiture shall be determined by the pooled money investment board
3 after notice and opportunity to be heard in accordance with the Kansas
4 administrative procedure act.

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, 12-1675, 12-1677a and 12-1677b and K.S.A.
35 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.