

HOUSE BILL No. 2281

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

2-5

1 AN ACT concerning public moneys; establishing the Kanbucks program;
2 authorizing the state treasurer to invest in linked deposits with eligible
3 financial institutions to provide linked deposit loans to eligible
4 borrowers; abolishing the Kansas agricultural production loan deposit
5 program, the Kansas housing loan deposit program, the extraordinary
6 utility costs loan deposit program, the Kansas economic recovery loan
7 deposit program and the city utility low-interest loan program;
8 providing for the continuation of existing linked deposit loans;
9 amending K.S.A. 2024 Supp. 75-4209 and 75-4237 and repealing the
10 existing sections; also repealing K.S.A. 75-4268, 75-4269, 75-4270,
11 75-4271, 75-4272, 75-4273, 75-4274, 75-4275, 75-4276, 75-4277, 75-
12 4278, 75-4279, 75-4280, 75-4281 and 75-4282 and K.S.A. 2024 Supp.
13 75-4283, 75-4284, 75-4285, 75-4286, 75-4287, 75-4288, 75-4289, 75-
14 4290, 75-4291, 75-4292, 75-4293, 75-4294, 75-4295, 75-4296, 75-
15 4297, 75-4298, 75-4299, 75-42,100, 75-42,101 and 75-42,102.

16

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

18

19 New Section 1. (a) The provisions of sections 1 through 8, and
20 amendments thereto, shall be known and may be cited as the Kanbucks
21 program.

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23 (b) The Kanbucks program shall be for the purpose of providing
24 incentives for the making of loans to eligible borrowers for:

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26 (1) Agricultural production;

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28 (2) housing and adult care home construction or development;

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30 (3) business purposes; or

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32 (4) extraordinary natural gas costs incurred during the extreme winter
33 weather event of February 2021.

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New Sec. 2. For the purposes of the Kanbucks program:

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36 (a) "Adult care home" means the same as defined in K.S.A. 39-923,
37 and amendments thereto.

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39 (b) "Director of investments" means the person appointed as the
40 director of investments pursuant to K.S.A. 75-4222, and amendments
41 thereto.

42

43 (c) "Eligible borrower" means any:

1 (1) Individual, limited liability agricultural company, limited
2 agricultural partnership or family farm corporation as defined in K.S.A.
3 17-5903, and amendments thereto, involved in farming;

4 (2) person, firm or corporation building new houses or not-for-profit
5 adult care homes or rehabilitating existing houses or not-for-profit adult
6 care homes;

7 (3) individual or entity operating a business primarily for commercial
8 or agricultural purposes with not more than 200 full-time employees
9 maintaining offices or operating facilities and transacting business in the
10 state of Kansas and is not an individual obtaining a loan primarily for
11 personal, family or household purposes; or

12 (4) wholesale natural gas customer located in the state of Kansas that
13 incurs extraordinary natural gas costs due to the extreme winter weather
14 event of February 2021 and is not an individual obtaining a loan for
15 personal, family or household purposes.

16 (c) "Eligible lending institution" means:

17 (1) A bank as defined in K.S.A. 75-4201, and amendments thereto,
18 that agrees to participate in the program and is eligible to be a depository
19 of state funds;

20 (2) a credit union as defined in K.S.A. 17-2231, and amendments
21 thereto, that agrees to participate in the program and that provides
22 securities acceptable to the pooled money investment board pursuant to
23 article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments
24 thereto; or

25 (3) an institution of the farm credit system organized under the
26 federal farm credit act of 1971 (12 U.S.C. § 2001), as in effect on July 1,
27 2025, that agrees to participate in the program and provides securities
28 acceptable to the pooled money investment board pursuant to article 42 of
29 chapter 75 of the Kansas Statutes Annotated, and amendments thereto.

30 (d) "House" means a single-family or multi-family dwelling that
31 initially sells or is appraised at or below the average area purchase price
32 safe harbor for the state of Kansas as established by the state treasurer
33 through rules and regulations based on the requirements of section 143(e)
34 of the federal internal revenue code for homes that are eligible for
35 mortgage revenue bonds.

36 (e) "Linked deposit loan" or "loan" means a loan made by an eligible
37 lending institution to an eligible borrower from the eligible lending
38 institution's loan deposit as part of the program.

39 (f) "Loan deposit" means an investment account placed by the
40 director of investments under the provisions of article 42 of chapter 75 of
41 the Kansas Statutes Annotated, and amendments thereto, with an eligible
42 lending institution for the purpose of carrying out the intent of the
43 program.

1 (g) "Loan deposit loan package" means the forms provided by the
2 state treasurer for the purpose of applying for a loan deposit.

3 (h) "Program" means the Kanbucks program.

4 New Sec. 3. (a) The state treasurer is hereby authorized to invest in
5 linked deposits. Except as provided in subsection (c), the total amount so
6 deposited at any one time shall not exceed 5% of the pooled money
7 investment portfolio. Such deposits shall be used for linked deposits to
8 eligible borrowers. Linked deposit loans may be made to eligible
9 borrowers from such aggregate deposits. The state treasurer may
10 disseminate information and provide economic recovery loan deposit loan
11 packages to the lending institutions eligible for participation in the
12 program. A loan deposit loan package shall be completed by the eligible
13 borrower before being forwarded to the eligible lending institution for
14 consideration.

15 (b) (1) No single linked deposit loan to an eligible borrower for
16 agricultural production or business purposes shall exceed \$2,500,000.

17 (2) No loan for a house shall be amortized for a period of more than
18 15 years.

19 (c) The state treasurer may invest additional amounts in linked
20 deposits beyond the limit established in subsection (a) if the state treasurer
21 receives approval from the pooled money investment board for each such
22 additional linked deposit.

23 New Sec. 4. (a) An eligible lending institution that agrees to receive a
24 loan deposit shall accept and review applications for loans from eligible
25 borrowers. The lending institution shall apply all usual lending standards
26 to determine the credit worthiness of an eligible borrower.

27 (b) An eligible borrower shall certify on the loan application the
28 purpose for which such loan will be used.

29 (c) The eligible lending institution may approve or reject a loan
30 application based on the lending institution's evaluation of the eligible
31 borrower, the amount of the loan and other appropriate considerations.

32 (d) The eligible lending institution shall forward to the state treasurer,
33 an approved loan deposit loan package in the manner prescribed by the
34 state treasurer. The package shall include information regarding the
35 amount of the loan requested by each eligible borrower and such other
36 information regarding each eligible borrower the state treasurer requires,
37 including a certification by the applicant that such applicant is an eligible
38 borrower.

39 New Sec. 5. (a) The state treasurer may accept or reject a loan deposit
40 loan package based on the state treasurer's evaluation of whether the loan
41 to the eligible borrower meets the purposes of this program. If sufficient
42 funds are not available for a loan deposit, then the applications may be
43 considered in the order received when funds are once again available

1 subject to a review by the eligible lending institution.

2 (b) Upon acceptance, the state treasurer shall certify to the director of
3 investments the amount required for such loan deposit loan package and
4 the director of investments shall place a loan deposit in the amount
5 certified by the state treasurer with the eligible lending institution at an
6 interest rate that is 2% below the market rate provided in K.S.A. 75-4237,
7 and amendments thereto, and that shall be recalculated on the first
8 business day of January and July of each year using the market rate then in
9 effect. The minimum interest rate shall be 0.25%, if the market rate is
10 below 2.25%. When necessary, the state treasurer may request the director
11 of investments to place such loan deposit with the eligible lending
12 institution prior to acceptance of a loan deposit loan package.

13 (c) The eligible lending institution shall enter into a loan deposit
14 agreement with the state treasurer. Such agreement shall include
15 requirements necessary to implement the purposes of the program. Such
16 requirements shall include an agreement by the eligible lending institution
17 to lend an amount equal to the loan deposit to eligible borrowers at an
18 interest rate that is not more than 3% greater than the interest rate on loan
19 deposits as provided in subsection (b). Such rate shall be recalculated on
20 the first business day of January of each year using the market rate then in
21 effect. The agreement shall include provisions for the loan deposit to be
22 placed for a period of time not to exceed 10 years that is considered
23 appropriate in coordination with the underlying loan. The agreement shall
24 include provisions for the reduction of the loan deposit in an amount equal
25 to any payment of loan principal by the eligible borrower.

26 New Sec. 6. Upon the placement of an economic recovery loan
27 deposit with an eligible lending institution, such eligible lending institution
28 shall fund the loan to each approved eligible borrower listed in the
29 economic recovery deposit loan package in accordance with the economic
30 recovery loan deposit agreement between the eligible lending institution
31 and the state treasurer. The loan shall be at a rate as provided in section
32 5(c), and amendments thereto. The eligible lending institution shall submit
33 in the manner prescribed by the state treasurer a certification of
34 compliance with this section.

35 New Sec. 7. The state and the state treasurer shall not be liable to any
36 eligible lending institution in any manner for payment of the principal or
37 interest on a loan to an eligible borrower. Any delay in payments or default
38 on the part of an eligible borrower does not in any manner affect the loan
39 deposit agreement between the eligible lending institution and the state
40 treasurer.

41 New Sec. 8. (a) The state treasurer shall adopt rules and regulations to
42 administer and carry out the provisions of the program.

43 (b) The state treasurer shall submit an annual report outlining the

1 status of the program to the governor and the legislature.

2 New Sec. 9. Any outstanding linked deposit loans in existence on
3 July 1, 2025, under the provisions of K.S.A. 75-4268 through 75-4274 or
4 75-4290 through 75-4296, prior to their repeal, shall be continued under
5 the terms of the linked deposit loan program in existence prior to the
6 repeal of such statutes.

7 Sec. 10. K.S.A. 2024 Supp. 75-4209 is hereby amended to read as
8 follows: 75-4209. (a) The director of investments may invest and reinvest
9 state moneys eligible for investment which are not invested in accordance
10 with K.S.A. 75-4237, and amendments thereto, in the following
11 investments:

12 (1) Direct obligations of, or obligations that are insured as to principal
13 and interest by, the United States of America or any agency thereof and
14 obligations and securities of the United States sponsored enterprises which
15 under federal law may be accepted as security for public funds, on and
16 after the effective date of this act moneys available for investment under
17 this subsection shall not be invested in mortgage-backed securities of such
18 enterprises and of the government national mortgage association, except
19 that any such mortgage-backed securities held prior to the effective date of
20 this act may be held to maturity;

21 (2) repurchase agreements with a bank or a primary government
22 securities dealer which reports to the market reports division of the federal
23 reserve bank of New York for direct obligations of, or obligations that are
24 insured as to principal and interest by, the United States government or any
25 agency thereof and obligations and securities of United States government
26 sponsored enterprises which under federal law may be accepted as security
27 for public funds;

28 (3) commercial paper that does not exceed 270 days to maturity and
29 which has received one of the two highest commercial paper credit ratings
30 by a nationally recognized investment rating firm; and

31 (4) corporate bonds which have received one of the two highest
32 ratings by a nationally recognized investment rating firm.

33 (b) When moneys are available for deposit or investments, the
34 director of investments may invest in SKILL act projects and bonds
35 pursuant to K.S.A. 74-8920, and amendments thereto, and in state agency
36 bonds and bond projects.

37 (c) When moneys are available for deposits or investments, the
38 director of investments may invest in preferred stock of Kansas venture
39 capital, inc., under terms and conditions prescribed by K.S.A. 74-8203,
40 and amendments thereto, but such investments shall not in the aggregate
41 exceed a total amount of \$10,000,000.

42 (d) When moneys are available for deposits or investments, the
43 director of investments may invest in loans pursuant to legislative

1 mandates, except that not more than the greater of 10% or \$140,000,000 of
2 the state moneys shall be invested. The provisions of this subsection shall
3 not apply to the provisions of subsection (m).

4 (e) Interest on investment accounts in banks is to be paid at maturity,
5 but not less than annually.

6 (f) Investments made by the director of investments under the
7 provisions of this section shall be made with judgment and care, under
8 circumstances then prevailing, which persons of prudence, discretion and
9 intelligence exercise in the management of their own affairs, not for
10 speculation, but for investment, considering the probable safety of their
11 capital as well as the probable income to be derived.

12 (g) Investments under subsection (a) or (b) or under K.S.A. 75-4237,
13 and amendments thereto, shall be for a period not to exceed four years,
14 except that linked deposits authorized under the provisions of K.S.A. 2-
15 3703 through 2-3707, and amendments thereto, shall not exceed a period
16 of 10 years; ~~agricultural production loan deposits authorized under the~~
17 ~~provisions of K.S.A. 75-4268 through 75-4274, and amendments thereto,~~
18 ~~shall not exceed a period of eight years and housing loan deposits~~
19 ~~authorized under K.S.A. 75-4276 through 75-4282, and amendments~~
20 ~~thereto, shall not exceed a period of five years or 20 years, as applicable~~
21 ~~pursuant to K.S.A. 75-4279, and amendments thereto.~~

22 (h) Investments in securities under subsection (a)(1) shall be limited
23 to securities which do not have any more interest rate risk than do direct
24 United States government obligations of similar maturities. For purposes
25 of this subsection, "interest rate risk" means market value changes due to
26 changes in current interest rates.

27 (i) The director of investments shall not invest state moneys eligible
28 for investment under subsection (a), in the municipal investment pool
29 fund, created under K.S.A. 12-1677a, and amendments thereto.

30 (j) The director of investments shall not invest moneys in the pooled
31 money investment portfolio in derivatives. As used in this subsection,
32 "derivatives" means a financial contract whose value depends on the value
33 of an underlying asset or index of asset values.

34 (k) Moneys and investments in the pooled money investment
35 portfolio shall be invested and reinvested by the director of investments in
36 accordance with investment policies developed, approved, published and
37 updated on an annual basis by the board. Such investment policies shall
38 include at a minimum guidelines which identify credit standards, eligible
39 instruments, allowable maturity ranges, methods for valuing the portfolio,
40 calculating earnings and yields and limits on portfolio concentration for
41 each type of investment. Any changes in such investment policies shall be
42 approved by the pooled money investment board. Such investment policies
43 may specify the contents of reports, methods of crediting funds and

1 accounts and other operating procedures.

2 (l) The board shall adopt rules and regulations to establish an overall
3 percentage limitation on the investment of moneys in investments
4 authorized under subsection (a)(3), and within such authorized investment,
5 the board shall establish a percentage limitation on the investment in any
6 single business entity.

7 (m) (1) During the fiscal year ending June 30, 2017, the director of
8 the budget shall estimate on or before June 27, 2017, the amount of the
9 unencumbered ending balance in the state general fund for fiscal year
10 2017. If the amount of such unencumbered ending balance in the state
11 general fund is less than \$50,000,000, the director of the budget shall
12 certify the difference between \$50,000,000, and the amount of such
13 unencumbered ending balance to the pooled money investment board.
14 Upon the liquidation of all investments and reinvestments of state moneys
15 pursuant to K.S.A. 75-2263(j), and amendments thereto, and upon receipt
16 of such certification by the director of the budget, during the fiscal year
17 ending June 30, 2017, the pooled money investment board shall authorize
18 the director of accounts and reports to transfer an amount equal to the
19 amount certified by the director of the budget pursuant to this subsection
20 from the pooled money investment portfolio to the state general fund.
21 Upon receipt of such authorization, the director of accounts and reports
22 shall make such transfer. The chairperson of the pooled money investment
23 board shall transmit a copy of such authorization to the director of
24 legislative research and the director of the budget.

25 (2) (A) On or before June 30, 2019, the director of accounts and
26 reports shall transfer an amount equal to $\frac{1}{6}$ of the amount transferred
27 pursuant to subsection (m)(1) from the state general fund to the pooled
28 money investment portfolio.

29 (B) On or before June 30, 2020, the director of accounts and reports
30 shall transfer an amount equal to $\frac{1}{2}$ of the amount transferred pursuant to
31 subsection (m)(1), reduced by the amount transferred pursuant to
32 subsection (m)(2)(A) from the state general fund to the pooled money
33 investment portfolio.

34 (C) On or before June 30, 2021, and June 30, 2022, during each such
35 fiscal year, the director of accounts and reports shall transfer an amount
36 equal to $\frac{1}{2}$ of the amount transferred pursuant to subsection (m)(1),
37 reduced by the amount transferred pursuant to subsection (m)(2)(A) and
38 (m)(2)(B) from the state general fund to the pooled money investment
39 portfolio.

40 (3) During the fiscal year ending June 30, 2018, after any transfer
41 made pursuant to subsection (m)(1), the pooled money investment board
42 shall authorize the director of accounts and reports to transfer the
43 remaining amount of all investments and reinvestments of state moneys

1 liquidated pursuant to K.S.A. 75-2263(j), and amendments thereto, from
2 the pooled money investment portfolio to the state general fund. Upon
3 receipt of such authorization, the director of accounts and reports shall
4 make such transfer. The chairperson of the pooled money investment
5 board shall transmit a copy of such authorization to the director of
6 legislative research and the director of the budget.

7 (4) (A) On or before June 30, 2019, the director of accounts and
8 reports shall transfer an amount equal to $\frac{1}{6}$ of the amount transferred
9 pursuant to subsection (m)(3) from the state general fund to the pooled
10 money investment portfolio.

11 (B) On or before June 30, 2020, the director of accounts and reports
12 shall transfer an amount equal to $\frac{1}{2}$ of the amount transferred pursuant to
13 subsection (m)(3), reduced by the amount transferred pursuant to
14 subsection (m)(4)(A) from the state general fund to the pooled money
15 investment portfolio.

16 (C) On or before June 30, 2021, and June 30, 2022, during each such
17 fiscal year, the director of accounts and reports shall transfer an amount
18 equal to $\frac{1}{2}$ of the amount transferred pursuant to subsection (m)(3),
19 reduced by the amount transferred pursuant to subsection (m)(4)(A) and
20 (m)(4)(B) from the state general fund to the pooled money investment
21 portfolio.

22 Sec. 11. K.S.A. 2024 Supp. 75-4237 is hereby amended to read as
23 follows: 75-4237.(a) The director of investments shall accept requests
24 from banks interested in obtaining investment accounts of state moneys.
25 Such requests may be submitted any business day and shall specify the
26 dollar amount and maturity. The director of investments is authorized to
27 award the investment account to the requesting bank at the market rate
28 established by subsection (b). Awards of investment accounts pursuant to
29 this section shall be subject to investment policies of the pooled money
30 investment board. When multiple requests are received and are in excess
31 of the amount available for investment that day for any maturity, awards
32 shall be made available in ascending order from smallest to largest dollar
33 amount requested, subject to investment policies of the board.

34 (b) The market rate shall be determined each business day by the
35 director of investments, in accordance with any procedures established by
36 the pooled money investment board. Subject to any policies of the board,
37 the market rate shall reflect the highest rate at which state moneys can be
38 invested on the open market in investments authorized by K.S.A. 75-
39 4209(a), and amendments thereto, for equivalent maturities.

40 (c) (1) Notwithstanding the provisions of this section, linked deposits
41 made pursuant to the provisions of K.S.A. 2-3703 through 2-3707, and
42 amendments thereto, shall be at an interest rate that is 2% less than the
43 market rate determined under this section and that shall be recalculated on

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

3 (2) Notwithstanding the provisions of this section, ~~agricultural~~
4 ~~production loan deposits linked deposit loans~~ made pursuant to the
5 provisions of ~~K.S.A. 75-4268 through 75-4274 sections 1 through 8~~, and
6 amendments thereto, shall be at an interest rate that is 2% less than the
7 market rate provided by this section and that shall be recalculated on the
8 first business day of each calendar year using the market rate then in
9 effect.

10 (3) ~~Notwithstanding the provisions of this section, loan deposits made~~
11 ~~pursuant to the city utility low-interest loan program shall be at an interest~~
12 ~~rate that is 2% less than the market rate provided by this section and that~~
13 ~~shall be recalculated on the first business day of each calendar year using~~
14 ~~the market rate then in effect.~~

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

20 (5) ~~Notwithstanding the provisions of this section, extraordinary~~
21 ~~utility costs loan deposits made pursuant to the Kansas extraordinary~~
22 ~~utility costs loan deposit program shall be at an interest rate that is 2% less~~
23 ~~than the market rate provided by this section and that shall be recalculated~~
24 ~~on the first business day of each calendar year using the market rate then~~
25 ~~in effect.~~

26 (d) (1) The director of investments may place deposits through a
27 selected bank, savings and loan association or savings bank that is part of a
28 reciprocal deposit program in which the bank, savings and loan association
29 or savings bank:

30 (A) Receives reciprocal deposits from other participating institutions
31 located in the United States in an amount equal to the amount of funds
32 deposited by the municipal corporation or quasi-municipal corporation;
33 and

34 (B) for which the total cumulative amount of each deposit does not
35 exceed the maximum deposit insurance amount for one depositor at one
36 financial institution as determined by the federal deposit insurance
37 corporation.

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

43 (e) The pooled money investment board shall establish procedures for

1 administering reciprocal deposit programs in its investment policies, as
2 authorized by K.S.A. 75-4232, and amendments thereto.

3 Sec. 12. K.S.A. 75-4268, 75-4269, 75-4270, 75-4271, 75-4272, 75-
4 4273, 75-4274, 75-4275, 75-4276, 75-4277, 75-4278, 75-4279, 75-4280,
5 75-4281 and 75-4282 and K.S.A. 2024 Supp. 75-4209, 75-4237, 75-4283,
6 75-4284, 75-4285, 75-4286, 75-4287, 75-4288, 75-4289, 75-4290, 75-
7 4291, 75-4292, 75-4293, 75-4294, 75-4295, 75-4296, 75-4297, 75-4298,
8 75-4299, 75-42,100, 75-42,101 and 75-42,102 are hereby repealed.

9 Sec. 13. This act shall take effect and be in force from and after its
10 publication in the statute book.