

SENATE BILL No. 435

AN ACT concerning state-managed investments; relating to deposits, procedures, standards and requirements therefor and certain retirement benefits therefrom; requiring banks, savings and loan associations and savings banks to enter into a written agreement with the state treasurer to be a depository of public moneys; increasing the market value of securities necessary to secure the deposit of public moneys; providing procedures for when a depository fails to follow the requirements of the state treasurer; authorizing the state treasurer to assess a fee to operate the public moneys pooled method; creating the public moneys fee fund of the state treasurer; providing exceptions to the public moneys pooled method; making and concerning appropriations for the fiscal year ending June 30, 2027, for the office of the state treasurer; authorizing a certain transfer from the state general fund to the public moneys fee fund; modifying investment standards for the board of trustees of the Kansas public employees retirement system of moneys certified by the state treasurer as equivalent to the aggregate net amount received for unclaimed property and authorizing investments in certain foreign governments; authorizing the board of trustees to elect the vice chairperson of the board; requiring newly affiliated employers of the Kansas police and firemen's retirement system to contribute at the actuarial required rate for past and future service; repealing certain working after retirement statutes for state and local elected officials; amending K.S.A. 9-1401, 9-1403, 9-1405, 9-1406, 9-1407, 9-1408, 74-4967 and 75-4201 and K.S.A. 2025 Supp. 9-1402, 9-1410, 12-1675, 74-4905, 75-2263 and 75-4218 and repealing the existing sections; also repealing K.S.A. 74-4915b and 74-4915c.

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

New Section 1.

OFFICE OF THE STATE TREASURER

(a) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year ending June 30, 2027, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures shall not exceed the following:
Public moneys fee fund.....No limit

(b) On July 1, 2026, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$250,000 from the state general fund to the public moneys fee fund.

Sec. 2. K.S.A. 9-1401 is hereby amended to read as follows: 9-1401. (a) The governing body of any municipal corporation or quasi-municipal corporation shall designate by official action, recorded upon the governing body's minutes, the banks, savings and loan associations and savings banks—~~which~~ *that* shall serve as depositories of the governing body's funds, and the officer and official having the custody of such funds shall not deposit such funds other than at such designated banks, savings and loan associations and savings banks. The banks, savings and loan associations and savings banks—~~which~~ *that* have main or branch offices in the county or counties in which all or part of such municipal corporation or quasi-municipal corporation is located shall be designated as such official depositories if the municipal or quasi-municipal corporation can obtain satisfactory security therefor.

(b) Every officer or person depositing public funds shall deposit all such public funds coming into the officer's or person's possession in their name and official title as such officer. If the governing body of the municipal corporation or quasi-municipal corporation fails to designate an official depository or depositories, the officer thereof having custody of the governing body's funds shall deposit such funds with one or more banks, savings and loan associations or savings banks—~~which~~ *that* have main or branch offices in the county or counties in which all or part of such municipal corporation or quasi-municipal corporation is located if satisfactory security can be obtained therefor. If the officer having custody is unable to obtain satisfactory security at a depository within the county or counties where the governing body is located, then the officer may deposit funds elsewhere. If the governing body's funds are deposited elsewhere, the officer shall serve notice in writing on the governing body showing the names and locations of the banks, savings and loan associations and savings banks where the funds are deposited, and upon so doing the officer having custody of the funds shall not be

liable for the loss of any portion thereof except for official misconduct or for the misappropriation of such funds by such officer.

(c) If eligible banks, savings and loan associations or savings banks under ~~subsections~~ *subsection* (a) or (b) cannot or will not provide an acceptable bid, which shall include services, for the depositing of public funds under this section, then banks, savings and loan associations or savings banks ~~which~~ *that* have main or branch offices in an adjoining county to the county in which all or part of such municipal or quasi-municipal corporation is located may receive deposits of such municipal corporation or quasi-municipal corporation, if such banks, savings and loan associations or savings banks have been designated as official depositories under subsection (a), and the ~~municipal corporation or quasi-municipal corporation can obtain~~ *state treasurer may receive* satisfactory security therefor.

(d) The depository bank, savings and loan association or savings bank and any agent, trustee, wholly owned subsidiary or affiliate having identical ownership granting a security interest shall enter into a written agreement with the ~~municipal corporation or quasi-municipal corporation which so~~ *state treasurer in accordance with K.S.A. 2025 Supp. 9-1410, and amendments thereto, that* designates the bank as a depository for the municipal corporation or quasi-municipal corporation's public moneys.

(1) The agreement shall secure the public moneys of the municipal corporation or quasi-municipal corporation by granting a security interest in securities held by the depository bank, savings and loan association or savings bank and any agent, trustee, wholly owned subsidiary or affiliate having identical ownership pursuant to K.S.A. 9-1402, and amendments thereto.

(2) The depository bank, savings and loan association or savings bank and any agent, trustee, wholly owned subsidiary or affiliate having identical ownership shall perfect the security interest causing control to be given to the ~~municipal corporation or quasi-municipal corporation~~ *state treasurer* in accordance with ~~the Kansas uniform commercial code~~ *K.S.A. 2025 Supp. 9-1410, and amendments thereto.*

(3) The security agreement shall be in writing, executed by all parties thereto, maintained as part of the parties' official records, and except for the municipal corporations or quasi-municipal corporations, approved by the boards of directors or loan committees, which approvals shall be reflected in the minutes of the boards or committees.

Sec. 3. K.S.A. 2025 Supp. 9-1402 is hereby amended to read as follows: 9-1402. (a) Before any deposit of public moneys or funds shall be made by any governmental unit of the state of Kansas with any bank, savings and loan association or savings bank, such governmental unit shall obtain security for such deposit in one of the following manners prescribed by this section.

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

(c) Such bank, savings and loan association or savings bank may deposit, maintain, pledge, assign and grant a security interest in, or cause its agent, trustee, wholly owned subsidiary or affiliate having identical ownership to deposit, maintain, pledge, assign and grant a security interest in, for the benefit of the governing body of the ~~governmental unit~~ *municipal corporation or quasi-municipal*

corporation in the manner provided in this section, securities, security entitlements, financial assets and securities accounts owned by the depository institution directly or indirectly through the institution's agent or trustee holding securities on the institution's behalf, or owned by the depository ~~institutions~~ *institution's* wholly owned subsidiary or by such affiliate, the market value of which is equal to ~~100%~~ *102%* of the total deposits at any given time, and such securities, security entitlements, financial assets and securities accounts, may be accepted or rejected by the ~~governing body of the governmental unit~~ *pooled money investment board* and shall consist of the following and security entitlements thereto:

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

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

(3) bonds of the state of Kansas;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Such bank, savings and loan association or savings bank shall secure the deposit of public moneys of one or more governmental units through the public moneys pooled method pursuant to K.S.A. 2025 Supp. 9-1410, and amendments thereto, for the benefit of the governmental unit having public moneys with such bank, savings and loan association or savings bank as provided in K.S.A. 2025 Supp. 9-1410, and amendments thereto.

(e) No such bank, savings and loan association or savings bank may deposit and maintain for the benefit of the governing body of a governmental unit of the state of Kansas, any securities that consist of:

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

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

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

(g) ~~For purposes of this section, "governmental unit" means the state or any county, municipality or other political subdivision of the state.~~
In cases where a depository fails to meet the requirements established by the state treasurer, the state treasurer shall instruct the governmental unit that such governmental unit shall select one of the following options:

(1) *Close the account for the full amount, including accrued interest, without penalty if the deposit exceeds seven days; or*

(2) *convert the account to a repurchase agreement under terms acceptable to the state treasurer.*

Sec. 4. K.S.A. 9-1403 is hereby amended to read as follows: 9-1403. (a) During the periods of peak deposits occurring at tax paying

time and tax distributing time and continuing for a period of not to exceed 60 continuous days at any given time and not to exceed 120 days in any calendar year, the amount of security for the deposits of ~~municipal corporations or quasi-municipal corporations~~ *governmental units* as required under K.S.A. 9-1402, and amendments thereto, may be reduced by up to 50% of the amount on deposit during the peak period.

(b) If the custodian of the funds of each ~~municipal corporation or quasi-municipal corporation~~ *governmental unit* together with an officer of the depository bank, savings and loan association or savings bank *and the state treasurer* agree to reduce the amount of security as provided in subsection (a), then the parties shall enter into an agreement ~~which~~ *that* designates in writing the beginning and end of each such period, and a copy thereof, fully executed, shall be kept on file in the:

(1) Office of the governing body of such ~~municipal corporation or quasi-municipal corporation~~ *and in the governmental unit*;

(2) files of such bank, savings and loan association or savings bank; *and*

(3) *office of the state treasurer.*

Sec. 5. K.S.A. 9-1405 is hereby amended to read as follows: 9-1405. (a) All bonds and securities given by any bank, savings and loan association or savings bank to secure public moneys of the United States or any board, commission or agency thereof, shall be deposited as required by the United States government or any designated federal agencies.

(b) All securities, security entitlements and financial assets securing the deposits of any ~~municipal corporation or quasi-municipal corporation~~ *governmental unit* shall be deposited as described in subsection (c) or (d) or in a securities account with one of the following custodial banks or trust companies:

(1) A Kansas state bank;

(2) a Kansas national bank;

(3) a state bank organized in another state and ~~which~~ *that* has a branch office in this state;

(4) a trust company incorporated under the laws of this state or another state; or

(5) the federal home loan bank of Topeka.

(c) Securities, security entitlements and financial assets securing the deposits of any ~~municipal corporation or quasi-municipal corporation~~ *governmental unit* may be deposited with the state treasurer pursuant to a written custodial agreement and a receipt issued with one copy going to the ~~municipal corporation or quasi-municipal corporation~~ *governmental unit* making the public deposit and one copy going to the bank, savings and loan association or savings bank ~~which~~ *that* has secured such public deposits. The receipt shall identify the securities, security entitlements and financial assets ~~which~~ *that* are subject to a security interest to secure payment of the deposits of the ~~municipal corporation or quasi-municipal corporation~~ *governmental unit*.

(d) Securities, security entitlements and financial assets securing the deposits of ~~any municipal corporation or quasi-municipal corporation~~ *governmental unit* may be deposited with the federal reserve bank of Kansas City to be there held in such manner, under regulations and operating letters of the federal reserve bank of Kansas City, as to secure payment of the deposits of the ~~municipal corporation or quasi-municipal corporation~~ *governmental unit* in the depository institution.

(e) This section shall not prohibit any custodial bank or trust company from depositing securities, security entitlements and financial

assets in the custodial bank or trust company's account if:

(1) The custodial bank or trust company's account is located at a bank or trust company organized under the laws of any state, the United States or any centralized securities depository wherever located within the United States; and

(2) the custodial bank or trust company issues a receipt ~~which that~~ identifies the securities, security entitlements and financial assets on deposit at the custodial bank or trust company.

(f) No securities, security entitlements and financial assets securing public deposits shall be deposited in any custodial bank or trust company ~~which that~~ has the following commonalities with the depository bank, savings and loan association or savings bank:

- (1) Direct or indirect ownership by any parent corporation;
- (2) common controlling shareholders;
- (3) common majority of the board of directors; or
- (4) common directors with the ability to control or influence directly or indirectly the acts or policies of the depository bank, savings and loan association or savings bank securing such public deposits.

(g) When securities, security entitlements and financial assets are deposited with the state treasurer as authorized by this section, the state treasurer shall make a charge for such service ~~which that~~ is equivalent to the reasonable and customary charge made therefor.

(h) The custodial agreement shall be in writing, executed by all parties thereto, maintained as part of the parties' official records, and, except for the ~~municipal corporations or quasi-municipal corporation governmental unit~~, approved by the boards of directors or loan committees, ~~which~~. Such approvals shall be reflected in the minutes of the boards or committees.

(i) A bank, savings and loan association or savings bank ~~which that~~ fails to pay any deposit of public moneys of any ~~municipal or quasi-municipal corporation governmental unit~~ according to the terms of the security agreement shall immediately take action to enable bonds and securities pledged to secure the deposit to be sold to satisfy the bank's or association's obligation to the ~~municipal or quasi-municipal corporation governmental unit~~.

Sec. 6. K.S.A. 9-1406 is hereby amended to read as follows: 9-1406. No public officer ~~nor~~ or the sureties upon such officer's bond shall be liable for any loss sustained by the failure or default of any designated depository or depositories after a deposit or deposits have been made in an officially designated bank, savings and loan association or savings bank as provided in ~~this act~~ *article 14 of chapter 9 of the Kansas Statutes Annotated, and amendments thereto*. ~~This~~ Such exemption from liability shall apply even though other statutes shall require the furnishing of a bond or other securities by the designated depositories of public moneys. ~~This~~ Such exemption shall also apply whenever a public officer, ~~municipal corporation or quasi-municipal corporation or governmental unit~~ has acted in good faith to comply with the provisions of ~~this act~~ *article 14 of chapter 9 of the Kansas Statutes Annotated, and amendments thereto*.

Sec. 7. K.S.A. 9-1407 is hereby amended to read as follows: 9-1407. (a) That portion of any deposit of public moneys or funds ~~which that~~ is insured by the federal deposit insurance corporation; or its successor; need not be secured as provided in article 14 of chapter 9 of the Kansas Statutes Annotated, and amendments thereto.

(b) Public moneys or funds deposited by a ~~municipal corporation or quasi-municipal corporation governmental unit~~ in a selected bank, savings and loan association or savings bank ~~which that~~ are part of a reciprocal deposit program shall not be treated as securities and need not be secured as provided in article 14 of chapter 9 of the Kansas

Statutes Annotated, and amendments thereto, if the:

(1) Bank, savings and loan association or savings bank receives reciprocal deposits from other participating institutions located in the United States in an amount equal to the amount of funds deposited by the ~~municipal corporation or quasi-municipal corporation~~ *governmental unit*; and

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

Sec. 8. K.S.A. 9-1408 is hereby amended to read as follows: 9-1408. As used in article 14 of chapter 9 of the Kansas Statutes Annotated, and amendments thereto:

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

(b) "centralized securities depository" means a clearing agency registered with the securities and exchange commission ~~which that~~ provides safekeeping and book-entry settlement services to the agency's participants;

(c) ~~government~~ *governmental unit* means any state, county, municipality or other political subdivision thereof;

(d) "Kansas national bank" means a federally chartered bank ~~which that~~ has a main office or branch located in this state;

(e) "Kansas state bank" means a Kansas state chartered bank;

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

(g) "municipal corporation" or "quasi-municipal corporation" includes each investing governmental unit under K.S.A. 12-1675, and amendments thereto;

(h) "savings and loan association" means any savings and loan association incorporated under the laws of this state or any other state or organized under the laws of the United States and ~~which~~ has a main or branch office in this state;

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

(j) "securities," "security entitlements," "financial assets," "securities account," "security agreement," "security interest," "perfection" and "control" ~~shall have the meanings given such terms under~~ *mean the same as defined in the Kansas uniform commercial code.*

Sec. 9. K.S.A. 2025 Supp. 9-1410 is hereby amended to read as follows: 9-1410. (a) For purposes of K.S.A. 2025 Supp. 9-1410 through 9-1412, and amendments thereto:

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

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

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

(4)(3) "Public moneys pooled method" or "pool of securities" means ~~shares of investment companies registered under the federal investment company act of 1940 when the investment companies' assets are limited to obligations that are eligible for investment by the bank, savings and loan association or savings bank and limited by their~~

~~prospectuses to owning securities enumerated in K.S.A. 9-1402(e) a~~
pool of eligible securities used by a bank, savings and loan association or savings bank to secure the deposit of public moneys in excess of the amount insured or guaranteed by the federal deposit insurance corporation pursuant to K.S.A. 9-1402 and 12-1675, and amendments thereto.

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

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

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

(d) The administrator shall be tasked with assessing and managing the sufficiency of the public moneys pooled method, including, but not limited to, the compliance by a bank, savings and loan association or savings bank that the aggregate market value of the pool of securities of such bank, savings and loan association or savings bank is an amount of not less than 102% of the total amount of public moneys or public funds less the portion of such public moneys or funds insured or guaranteed by the federal deposit insurance corporation and pursuant to K.S.A. 9-1402 and 12-1675, and amendments thereto. To fulfill the duties of K.S.A. 2025 Supp. 9-1410 through 9-1412, and amendments thereto, the treasurer may adopt rules and regulations to administer and implement the provisions of K.S.A. 2025 Supp. 9-1410 through 9-1412, and amendments thereto, including, but not limited to, rules and regulations to assess and manage the sufficiency of the public moneys pooled method.

(e) A bank, savings and loan association or savings bank in which public moneys or public funds are deposited may at any time substitute, exchange or release securities deposited if such substitution, exchange or release does not reduce the aggregate market value of the pool of securities to an amount that is less than 102% of the total amount of public moneys or public funds less the portion of such public moneys

or funds insured or guaranteed by the federal deposit insurance corporation and pursuant to K.S.A. 9-1402 and 12-1675, and amendments thereto. Such bank, savings and loan association or savings bank shall notify the administrator if additional collateral is required to be pledged due to an increase in deposits placed by the governmental unit. Such bank, savings and loan association or savings bank shall notify the administrator if such bank, savings and loan association or savings bank desires to release collateral due to a reduction in governmental unit deposits.

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

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

- (A) Each governmental unit separately; and
- (B) all governmental units in the aggregate;
- (2) aggregate market value of the pool of securities; and
- (3) name, phone number and email address of a representative of each governmental unit represented in the pool.

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

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

(2) the aggregate market value of the pool of securities deposited as of the last business day of the previous month. Such report shall clearly notify the governmental unit if the value of the securities did not meet the statutory requirement.

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

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

(j) ~~This section shall take effect on and after January 1, 2026~~ *On and after July 1, 2027, the treasurer may assess a fee to be used solely to operate the public moneys pooled method. Such fee shall be equivalent to the reasonable and customary charge made therefor and shall be adopted through rules and regulations. All such fees received shall be deposited in the state treasury to the credit of the public moneys fee fund, which is hereby created. All expenditures from the*

public moneys fee fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the treasurer or the treasurer's designee.

Sec. 10. K.S.A. 2025 Supp. 12-1675 is hereby amended to read as follows: 12-1675. (a) The governing body of any county, city, township, school district, area vocational-technical school, community college, firemen's relief association, community mental health center, community facility for people with intellectual disability or any other governmental entity, unit or subdivision in the state of Kansas having authority to receive, hold and expend public moneys or funds may invest any moneys that are not immediately required for the purposes for which the moneys were collected or received, and the investment of which is not subject to or regulated by any other statute.

(b) Such moneys shall be invested only:

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

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

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

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

~~(C)(B)~~ In selecting a bank, savings and loan association or savings bank pursuant to ~~subparagraphs subparagraph (A) and (B)~~, the investing governmental unit may accept any rate agreed upon by the governmental unit and the eligible bank, savings and loan association or savings bank. If a bank, savings and loan association or savings bank eligible for an investment deposit pursuant to ~~subparagraphs subparagraph (A) and (B)~~ will make such deposits available to the investing governmental unit at interest rates equal to or greater than the investment rate, as defined in K.S.A. 12-1675a(g), and amendments thereto, the investing governmental unit shall select one or more of such eligible banks, savings and loan associations or savings banks;

(3) in repurchase agreements with:

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

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

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

(C) if no bank, savings and loan association or savings bank, having a main or branch office in such county or counties is willing to

enter into such an agreement with the investing governmental unit at an interest rate equal to or greater than the investment rate, as defined in K.S.A. 12-1675a(g), and amendments thereto, then ~~such repurchase agreements may be entered into with~~ banks, savings and loan associations or savings banks located within this state.

(D) In selecting a bank, savings and loan association or savings bank pursuant to subparagraphs (A), (B) and (C), the governmental unit may accept any rate agreed upon by the governmental unit and the eligible bank, savings and loan association or savings bank;

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

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

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

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

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

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

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

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

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

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

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

(e) Public moneys deposited pursuant to subsection (b)(2) by the governing body of any governmental unit listed in subsection (a)

through a selected bank, savings and loan association or savings bank that is part of a reciprocal deposit program in which the bank, savings and loan association or savings bank:

(1) Receives reciprocal deposits from other participating institutions located in the United States in an amount equal to the amount of funds deposited by the investing governmental unit; and

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

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

(f) (1) *Except as provided in paragraph (2)*, public moneys deposited pursuant to subsection (b)(2) by the governing body of any investing governmental unit specified in subsection (a) through a selected bank, savings and loan association or savings bank shall be secured by the public moneys pooled method pursuant to K.S.A. 2025 Supp. 9-1410, and amendments thereto, for the benefit of such investing governmental unit having public moneys with such bank, savings and loan association or savings bank as provided in K.S.A. 2025 Supp. 9-1410, and amendments thereto.

(2) *The provisions of paragraph (1) shall not apply to an account of a governmental unit if such account is subject to a conflicting federal law.*

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

Section 11. K.S.A. 2025 Supp. 74-4905 is hereby amended to read as follows: 74-4905. (a) On July 1, 1993, the board of trustees of the Kansas public employees retirement system, as such board existed on June 30, 1993, is hereby abolished. On July 1, 1993, there is hereby established a new board of trustees of the Kansas public employees retirement system. Such board established on July 1, 1993, shall consist of nine members, as follows:

(1) Six appointed members, four appointed by the governor subject to confirmation by the senate as provided in K.S.A. 75-4315b, and amendments thereto, one appointed by the president of the senate and one appointed by the speaker of the house of representatives. Except as provided by K.S.A. 46-2601, and amendments thereto, no person appointed to the board whose appointment is subject to confirmation, shall exercise any power, duty or function as a member of the board until confirmed by the senate. No more than two members of the board whose appointment is subject to confirmation shall be from the same political party;

(2) two retirement system members elected by the members and retirants of the system as provided in K.S.A. 74-4909(12), and amendments thereto. As provided in this subsection, only active and retired members of the system shall be eligible to be elected to the board and only active and retired members of the system shall be eligible to elect the two retirement system members pursuant to this subsection. Inactive members shall not be eligible to be elected to the board nor to elect the two retirement system members elected pursuant to this subsection. If a member elected to the board as provided in this subsection becomes inactive, such member is disqualified from service on the board and such member's board position shall be vacant and such vacancy shall be filled as provided in subsection (b)(1). Of the two retirement system members elected pursuant to this subsection, one shall be a member of the retirement system who is in school employment as provided in K.S.A. 74-4931 et seq., and amendments

thereto and one shall be a member of the retirement system other than a member who is in school employment. For purposes of this subsection, retirement system means the Kansas public employees retirement system, the Kansas police and firemen's retirement system and the retirement system for judges; and

(3) the state treasurer.

(b) (1) Except as provided by this paragraph and paragraph (2), all members of the board as provided in subsection (a)(1) and (a)(2) shall serve four-year terms, except that of the members first appointed by the governor, two shall be appointed for two-year terms and the member appointed by the speaker of the house of representatives shall be appointed for a two-year term. The governor shall designate the term for which each of the members first appointed shall serve. All members appointed to fill vacancies in the membership of the board and all members appointed to succeed members appointed to membership on the board shall be appointed in like manner as that provided for the original appointment of the member succeeded. All members appointed to fill vacancies of a member of the board appointed by the governor, the president of the senate or the speaker of the house of representatives shall be appointed to fill the unexpired term of such member. All vacancies on the board by a member elected by the members and retirants of the system shall be filled by the board as provided by rules and regulations adopted as provided in K.S.A. 74-4909(12), and amendments thereto.

(2) Except as provided in K.S.A. 46-2601, and amendments thereto, no person appointed to the board by the governor shall exercise any power, duty or function as a member of the board until confirmed by the senate. The terms of members appointed by the governor who are serving on the board on the effective date of this act shall expire on January 15; of the year in which such member's term would have expired under the provisions of this section prior to amendment by this act. Thereafter, members shall be appointed for terms of four years and until their successors are appointed and confirmed.

(c) The board shall elect a chairperson of the board at the first regular meeting held on or after July 1, 1993, and at each annual meeting thereafter from the members of the board. The chairperson shall preside over meetings of the board and perform such other duties as required by the board.

(d) ~~The~~*Following the election of a chairperson, the board shall* ~~appoint~~ *elect* another board member as ~~vice-chairperson~~ *vice chairperson*, and the ~~vice-chairperson~~ *vice chairperson* shall perform the duties of chairperson in the absence of the chairperson or upon the chairperson's inability or refusal to act.

(e) The six members appointed pursuant to subsection (a)(1) shall have demonstrated experience in the financial affairs of a public or private organization or entity ~~which~~ *that* employs 100 or more employees or had at least five years' experience in the field of investment management or analysis, actuarial analysis or administration of an employee benefit plan.

(f) No person shall serve on the board if such person has knowingly acquired a substantial interest in any nonpublicly traded investment made with moneys of the fund. Any such person who knowingly acquires such an interest shall vacate such member's position on the board and shall be guilty of a class A misdemeanor. For purposes of this subsection, "substantial interest" means any of the following:

(1) If an individual or an individual's spouse, either individually or collectively, has owned within the preceding 12 months a legal or equitable interest exceeding \$5,000 or 5% of any business, whichever

is less, the individual has a substantial interest in that business.

(2) If an individual or an individual's spouse, either individually or collectively, has received during the preceding calendar year compensation ~~which~~ *that* is or will be required to be included as taxable income on federal income tax returns of the individual and spouse in an aggregate amount of \$2,000 from any business or combination of businesses, the individual has a substantial interest in that business or combination of businesses.

(3) If an individual or an individual's spouse holds the position of officer, director, associate, partner or proprietor of any business, the individual has a substantial interest in that business, irrespective of the amount of compensation received by the individual or individual's spouse.

(4) If an individual or an individual's spouse receives compensation ~~which~~ *that* is a portion or percentage of each separate fee or commission paid to a business or combination of businesses, the individual has a substantial interest in any client or customer who pays fees or commissions to the business or combination of businesses from which fees or commissions the individual or the individual's spouse, either individually or collectively, received an aggregate of \$2,000 or more in the preceding calendar year.

(5) If an individual or an individual's spouse has received a loan from or received financing from any bank, savings and loan, credit union or any other financial institution in an amount ~~which~~ *that* exceeds \$2,000, the individual has a substantial interest in that financial institution.

(6) As used in this subsection, "client or customer" means a business or combination of businesses.

(7) Any person who serves on the board shall fully disclose any substantial interest that such person has in any publicly traded investment made with moneys of the fund.

(g) No person who serves on the board shall be employed for a period of two years commencing on the date the person no longer serves on the board and ending two years after such date with any organization in which moneys of the fund were invested, except that the employment limitation contained in this subsection shall not apply if such person's employment is with an organization whose stock or other evidences of ownership are traded on the public stock or bond exchanges.

(h) All members of the board named, appointed or elected to the board shall be fingerprinted and to submit to a state and national criminal background check in accordance with K.S.A. 2025 Supp. 22-4714, and amendments thereto. The committee, in accordance with K.S.A. 75-4319, and amendments thereto, shall recess for a closed or executive meeting to receive and discuss information received by the committee pursuant to this subsection.

(i) All of the powers, duties and functions of the board of trustees of the Kansas public employees retirement system as such board existed prior to July 1, 1993, are hereby transferred to and conferred and imposed upon the board of trustees established pursuant to this act. The board of trustees of the Kansas public employees retirement system established pursuant to this act shall be the successor in every way of the powers, duties and functions of the board of trustees existing prior to July 1, 1993, in which the same were vested prior to July 1, 1993.

Sec. 12. K.S.A. 74-4967 is hereby amended to read as follows: 74-4967. (1) Upon the basis of an annual actuarial valuation and appraisal of the system conducted in the manner provided for in K.S.A. 74-4908, and amendments thereto, the board shall certify, on or before July 15 of

each year to each participating employer an actuarially determined estimate of the rate of contribution ~~which that~~ shall be required to be paid by each such participating employer to pay all of the liabilities ~~which that~~ shall accrue under the system from and after the entry date as determined by the board, upon recommendation of the actuary. Such rate shall be uniform for all participating employers, and shall be comprised of a rate for benefits accruing after June 30, 1993, and a rate for amortization of the additional liability for benefits provided by this act ~~which that~~ is attributable to service rendered before July 1, 1993. Such additional liability shall be amortized as determined by the board. The employer's rate of contribution determined under this section shall not include the costs of administration of the system.

(2) The board shall determine for each employer separately an amount sufficient to amortize all liabilities for past service costs ~~which that~~ shall have accrued at the time of entry into the system. On the basis of such determination the board shall annually certify to each participating employer separately an actuarially determined estimate of the rate of contribution ~~which that~~ shall be required to be paid by that participating employer to pay all of the liabilities for such past service costs. Such rate shall be termed the employer's prior service contribution. The board may enter into agreements with any participating employer ~~which that~~ has employees or retirants under the special pension systems established under K.S.A. 13-14a01 ~~to through 13-14a14, inclusive, and amendments thereto or K.S.A. 14-10a01 to through 14-10a15, inclusive, and amendments thereto~~, for the purpose of scheduling the payment of such past service costs in an orderly manner, which will tend to stabilize the annual total financial burden on such employers in meeting ~~their~~ *such employer's* present and future obligations under this system and such special systems, but in no event shall the annual prior service contribution be less than the interest cost on the total of such past service liability.

(3) Each participating employer shall appropriate and pay to the system a sum sufficient to satisfy the obligations under this act as certified by the board.

(4) Each participating employer is hereby authorized to pay the employer's contribution from the same fund that the compensation for which such contribution is made is paid from or from any other funds available to it for such purpose. Each employer may levy annually at the time of its levy of taxes; a tax ~~which that~~ may be in addition to all other taxes authorized by law for the purpose of making its contributions under this act, and, in the case of cities and counties, to pay a portion of the principal and interest on bonds issued by cities under the authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located in such county, which tax, together with any other fund available, shall be sufficient to enable it to make such contribution. In lieu of levying the tax authorized in this subsection, any taxing subdivision may pay such costs from any employee benefits contribution fund established pursuant to K.S.A. 12-16,102, and amendments thereto.

(5) Employer contributions shall in no way be limited by any other act ~~which that~~ now or in the future establishes or limits the compensation of any member.

~~(6) The rate of contribution certified to each participating employer as provided in~~ Each participating employer affiliating pursuant to the provisions of this section shall apply during the fiscal year of such participating employer which begins in the second calendar year following the year of the actuarial valuation, but the rate of contribution during the first year following the employer's entry date shall be equal to 16% of the amount of compensation on which

~~members contribute during the year appropriate and pay to the system a sum sufficient to satisfy the obligations hereunder certified by the board.~~

(7) Each participating employer shall remit quarterly, or as the board may otherwise provide, all employee deductions and required employer contributions to the executive director for credit to the Kansas public employees retirement fund within 20 days after the end of the period covered by the remittance or within 25 days after forms or written instructions from the system were mailed by the system to such employer, whichever is later. Remittances of such deductions and contributions received after such date are delinquent. Delinquent payments due under this subsection ~~(7)~~ shall be subject to interest at the rate established for interest on judgments under ~~subsection (a) of~~ K.S.A. 16-204(a), and amendments thereto. At the request of the board, delinquent payments ~~which~~ *that* are due or interest owed on such payments, or both, may be deducted from any other moneys payable to such employer by any department or agency of the state.

(8) Except as otherwise provided by law, the actuarial cost of any legislation enacted by the Kansas legislature, except the actuarial cost of K.S.A. 74-49,114a, shall be reflected in the employer contribution rate in the fiscal year immediately following such enactment.

Sec. 13. K.S.A. 2025 Supp. 75-2263 is hereby amended to read as follows: 75-2263. (a) (1) The state treasurer shall certify to the board of trustees a portion of state moneys available for investment by the pooled money investment board that is equivalent to the aggregate net amount received for unclaimed property. The state treasurer may transfer the amount certified to the board of trustees. All such moneys shall be considered moneys in the state treasury for purposes of K.S.A. 75-6704, and amendments thereto.

(2) Subject to the provisions of subsection (h), the board of trustees is responsible for the management and investment of that portion of state moneys available for investment by the pooled money investment board that is certified by the state treasurer to the board of trustees as being equivalent to the aggregate net amount received for unclaimed property and shall discharge the board's duties with respect to such moneys solely in the interests of the state general fund and shall invest and reinvest such moneys and acquire, retain, manage, including the exercise of any voting rights and disposal of investments of such moneys within the limitations and according to the powers, duties and purposes as prescribed by this section.

(b) Moneys specified in subsection (a) shall be invested and reinvested to achieve the investment objective, which is preservation of such moneys and accordingly providing that the moneys are as productive as possible, subject to the standards set forth in this section. No such moneys shall be invested or reinvested if the sole or primary investment objective is for economic development or social purposes or objectives.

(c) In investing and reinvesting moneys specified in subsection (a) and in acquiring, retaining, managing and disposing of investments of the moneys, the board of trustees shall exercise the judgment, care, skill, prudence and diligence under the circumstances then prevailing that persons of prudence, discretion and intelligence acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the moneys so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so, and not in regard to speculation but in regard to the permanent disposition of similar moneys, considering the probable income as well as the probable safety of their capital.

(d) In the discharge of such management and investment responsibilities the board of trustees may:

(1) Contract for the services of one or more professional investment advisors or other consultants in the management and investment of such moneys and otherwise in the performance of the duties of the board of trustees under this section; ~~and~~

(2) arrange for the custody of such moneys as the board of trustees considers advisable with one or more member banks or trust companies of the federal reserve system or with one or more banks in the state of Kansas, or both, to be held in safekeeping by the banks or trust companies for the collection of the principal and interest or other income or of the proceeds of sale; *and*

(3) *invest in United States dollar-denominated bonds, notes, debentures or other similar obligations of a foreign government that the international monetary fund lists as an industrial country and for which the full faith and credit of such nation has been pledged for the payment of principal and interest so long as such country shall be rated at least A- or better by Standard and Poor's corporation, A3 or better by Moody's investors service or A- or better by Fitch ratings or an equivalent investment grade by a securities rating organization accepted by the national association of insurance commissioners. Investments shall only be allowed in a country that has never defaulted on short-term or long-term debt obligations. The investment in such foreign securities at any one time shall not exceed 5% of the cash available for investment that may be invested pursuant to this section. Under no circumstances shall investments be made in bonds, notes, debentures or any similar obligations of any country of concern as defined in K.S.A. 2025 Supp. 75-42b02, and amendments thereto.*

(e) The board of trustees shall require that each person contracted with under subsection (d)(1) or (2) to provide services shall obtain commercial insurance that provides for errors and omissions coverage for such person in an amount to be specified by the board of trustees. The amount of such coverage specified by the board of trustees shall be at least the greater of \$500,000 or 1% of the funds entrusted to such person up to a maximum of \$10,000,000. The board of trustees shall require a person contracted with under subsection (d) to provide services to give a fidelity bond in a penal sum as may be fixed by law or, if not so fixed, as may be fixed by the board of trustees, with corporate surety authorized to do business in this state. Such persons contracted with the board of trustees pursuant to subsection (d) and any persons contracted with such persons to perform the functions specified in subsection (b) shall be deemed to be fiduciary agents of the board of trustees in the performance of contractual obligations.

(f) (1) Subject to the objective set forth in subsection (b) and the standards set forth in subsection (c), the board of trustees shall formulate and adopt policies and objectives for the investment and reinvestment of such moneys and the acquisition, retention, management and disposition of investments of the moneys. Such policies and objectives shall be in writing and shall include:

(A) Specific asset allocation standards and objectives;

(B) establishment of criteria for evaluating the risk versus the potential return on a particular investment; and

(C) a requirement that all investment advisors, and any managers or others with similar duties and responsibilities as investment advisors, shall immediately report all instances of default on investments to the board of trustees and provide such board of trustees with recommendations and options, including, but not limited to, curing the default or withdrawal from the investment.

(2) The board of trustees shall review such policies and objectives,

make changes considered necessary or desirable and readopt such policies and objectives on an annual basis.

(g) All interest or other income of the investments of the moneys invested under this section, after payment of any management fees, shall be deposited in the state treasury to the credit of the state general fund.

(h) The state treasurer shall maintain the discretionary authority to liquidate some or a portion of such moneys transferred to the board of trustees pursuant to subsection (a) for:

(1) Investment by the pooled money investment board; or
(2) necessary payments to owners as defined in K.S.A. 58-3934(m), and amendments thereto.

(i) As used in this section:

(1) "Board of trustees" means the board of trustees of the Kansas public employees retirement system established by K.S.A. 74-4905, and amendments thereto.

(2) "Fiduciary" means a person who, with respect to the moneys invested under this section:

(A) Exercises any discretionary authority with respect to administration of the moneys;

(B) exercises any authority to invest or manage such moneys or has any authority or responsibility to do so;

(C) provides investment advice for a fee or other direct or indirect compensation with respect to such moneys or has any authority or responsibility to do so;

(D) provides actuarial, accounting, auditing, consulting, legal or other professional services for a fee or other direct or indirect compensation with respect to such moneys or has any authority or responsibility to do so; or

(E) is a member of the board of trustees or of the staff of the board of trustees.

(3) "Pooled money investment board" means the pooled money investment board established by K.S.A. 75-4221a, and amendments thereto.

Sec. 14. K.S.A. 75-4201 is hereby amended to read as follows: 75-4201. As used in this act, unless the context otherwise requires:

(a) "Treasurer" means state treasurer.

(b) "Controller" means director of accounts and reports.

(c) "Board" means the pooled money investment board.

(d) "Bank" means a bank incorporated under the laws of this state; or organized under the laws of the United States or another state and ~~which~~ has a main or branch office in this state.

(e) "State moneys" means all moneys in the treasury of the state or coming lawfully into the possession of the treasurer.

(f) "State bank account" means state moneys or fee agency account moneys deposited in accordance with the provisions of this act.

(g) "Operating account" means a state bank account ~~which~~ *that* is payable or withdrawable, in whole or in part, on demand.

(h) "Investment account" means a state bank account ~~which~~ *that* is not payable on demand.

(i) "Fee agency account" means a state bank account of any state agency consisting of moneys authorized by law prior to remittance to the state treasurer.

(j) "Disbursement" means a payment of any kind whatsoever made from the state treasury or from any operating account, except transfer of moneys between or among operating accounts and investment accounts or either or both ~~of them~~.

(k) "Securities" means, for the purposes of this section and K.S.A. 75-4218, and amendments thereto, ~~securities, security entitlements,~~

financial assets and securities account consisting of any one or more of the following, and security entitlements thereto, which may be accepted or rejected by the pooled money investment board:

~~(1) Direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof and obligations, letters of credit and securities of United States sponsored enterprises which under federal law may be accepted as security for public funds.~~

~~(2) Kansas municipal bonds which are general obligations of the municipality issuing the same.~~

~~(3) Revenue bonds of any agency or arm of the state of Kansas.~~

~~(4) Revenue bonds of any municipality, as defined by K.S.A. 10-101, and amendments thereto, within the state of Kansas or bonds issued by a public building commission as authorized by K.S.A. 12-1761, and amendments thereto, if approved by the state bank commissioner, except (A) bonds issued under the provisions of K.S.A. 12-1740 et seq., and amendments thereto, unless such bonds are rated at least MIG-1 or Aa by Moody's Investors Service or AA by Standard & Poor's Corp. and (B) bonds secured by revenues of a utility which has been in operation for less than three years. Any expense incurred in connection with granting approval of revenue bonds shall be paid by the applicant for approval.~~

~~(5) Temporary notes of any municipal corporation or quasi-municipal corporation within the state of Kansas which are general obligations of the municipal corporation or quasi-municipal corporation issuing the same.~~

~~(6) Warrants of any municipal corporation or quasi-municipal corporation within the state of Kansas the issuance of which is authorized by the state board of tax appeals and which are payable from the proceeds of a mandatory tax levy.~~

~~(7) Bonds of any municipal or quasi-municipal corporation of the state of Kansas which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America. A copy of such escrow agreement shall be furnished to the treasurer.~~

~~(8) Securities listed in paragraph (14) of subsection (d) of K.S.A. 9-1402, and amendments thereto, within limitations of K.S.A. 9-1402, and amendments thereto.~~

~~(9) A corporate surety bond guaranteeing deposits in a bank, savings or savings and loan association in excess of federal deposit insurance corporation insurance, underwritten by an insurance company authorized to do business in the state of Kansas.~~

~~(10) Commercial paper that does not exceed 270 days to maturity and which has received one of the two highest commercial paper credit ratings by a nationally recognized investment rating firm.~~

~~(11) All of such securities shall be current as to interest according to the terms thereof the securities listed in K.S.A. 9-1402(c)(1) through (14), and amendments thereto, which may be accepted or rejected by the pooled money investment board.~~

~~(l) "Savings bank" means a savings bank organized under the laws of the United States or another state insured by the federal deposit insurance corporation or its successor and having a main or branch office in the county in which a state agency making collection of any fees, tuition, or charges is located.~~

~~(m) "Savings and loan association" means a savings and loan association incorporated under the laws of this state or organized under the laws of the United States or another state, insured by the federal~~

deposit insurance corporation or its successor and having a main or branch office in the county in which a state agency making collection of any fees, tuition or charges is located.

(n) "Custodial bank" means a bank holding on deposit collateral ~~which that~~ is security for state bank accounts.

(o) "Centralized securities depository" means a clearing agency registered with the securities and exchange commission ~~which that~~ provides safekeeping and book-entry settlement services to its participants.

(p) "Depository bank" means a bank, savings bank or savings and loan association authorized and eligible to receive state moneys.

(q) "Main office" means the place of business specified in the articles of association, certificate of authority or similar document, where the business of the institution is carried on and which is not a branch.

(r) "Branch" means any office, agency or other place of business within this state, other than the main office, at which deposits are received, checks paid or money lent with approval of the appropriate regulatory authorities. "Branch" does not include an automated teller machine, remote service unit or similar device.

(s) ~~"Securities," "security"~~ "Security entitlements," "financial assets," "securities account," "security agreement," "security interest," "perfection" and "control" ~~shall have the meanings given mean the same as~~ such terms *are defined* under the Kansas uniform commercial code.

Sec. 15. K.S.A. 2025 Supp. 75-4218 is hereby amended to read as follows: 75-4218. (a) All state bank accounts shall be secured as provided in this section.

The bank, savings bank or savings and loan association receiving or having a state bank account shall deposit, maintain, pledge, assign, and grant a security interest in, or cause its agent, trustee, wholly-owned subsidiary, or affiliate having identical ownership to deposit, maintain, pledge, assign, and grant a security interest in, for the benefit of the state of Kansas, in the manner provided in this act, securities owned by the depository bank directly or indirectly through its agent or trustee holding securities on its behalf, or owned by the depository bank's wholly-owned subsidiary or by such affiliate, the market value of which is equal to ~~100%~~ 102% of the amount of the account ~~plus accrued interest~~, less that portion of the amount of the account ~~plus accrued interest~~ ~~which that~~ is insured by the federal deposit insurance corporation or its successor.

(b) All securities securing state bank accounts shall be deposited in a securities account with ~~a bank any custodial bank or trust company as described in K.S.A. 9-1405(b), and amendments thereto~~, having the prior approval of the board, a credit union having the prior approval of the board, ~~the federal home loan bank of Topeka~~ or with the state treasurer pursuant to a written custodial agreement, and a receipt taken therefor with one copy going to the treasurer and one copy going to the bank, savings bank or savings and loan association ~~which that~~ has secured such state bank account. The receipt shall identify the securities ~~which that~~ are subject to a security interest to secure payment of the state bank account. This section shall not prohibit any custodial bank receiving securities on deposit from issuing a receipt and depositing securities identified in the receipt in such bank's account with any bank chartered in Kansas or any other state, any trust company chartered in Kansas or any other state, any national bank, or any centralized securities depository wherever located within the United States. No securities securing state bank accounts shall be deposited in any bank, trust company or national bank ~~which that~~ is owned directly or

indirectly by any parent corporation of the depository bank, or with any bank, trust company, or national bank having common controlling shareholders, having a common majority of the board of directors or having common directors with the ability to control or influence directly or indirectly the acts or policies of the bank, savings and loan association or savings bank securing such state bank account. Any custodial bank ~~which~~ *that* releases securities securing a state bank account without being authorized to do so under the custodial agreement shall be liable to the state for any loss to the state resulting therefrom.

(c) Securities securing state bank accounts may be deposited with the federal reserve bank of Kansas City to be there held in such manner, under regulations and operating letters of the federal reserve bank, as to secure payment of the state bank account in the depository bank.

(d) The depository bank, and any agent, trustee, wholly-owned subsidiary or affiliate having identical ownership granting a security interest shall enter into a written agreement with the state of Kansas granting the state of Kansas a security interest in the securities to secure payment of the state bank account. Such security interest shall be perfected by the depository bank and any agent, trustee, wholly-owned subsidiary or affiliate having identical ownership granting a security interest causing control of the securities under the Kansas uniform commercial code to be given to the state of Kansas. The security agreement and the custodial agreement shall be in writing, executed by all parties thereto, maintained as part of their official records; and, except for the state of Kansas, approved by their boards of directors or their loan committees, ~~which~~. *Such* approvals shall be reflected in the minutes of the boards or committees.

Sec. 16. K.S.A. 9-1401, 9-1403, 9-1405, 9-1406, 9-1407, 9-1408, 74-4915b, 74-4915c, 74-4967 and 75-4201 and K.S.A. 2025 Supp. 9-1402, 9-1410, 12-1675, 74-4905 , 75-2263 and 75-4218 are hereby repealed.

Sec. 17. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the
SENATE, and passed that body

SENATE adopted
Conference Committee Report _____

President of the Senate.

Secretary of the Senate.

Passed the HOUSE
as amended _____

HOUSE adopted
Conference Committee Report _____

Speaker of the House.

Chief Clerk of the House.

APPROVED _____

Governor.