

**SENATE BILL No. 524**

By Committee on Assessment and Taxation

3-3

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1 AN ACT concerning public moneys; relating to the deposit and investment  
2 thereof; requiring banks, savings and loans associations and savings  
3 banks to enter into a written agreement with the state treasurer to be a  
4 depository of public moneys; increasing the market value of securities  
5 necessary to secure the deposit of public moneys; providing procedures  
6 for when a depository fails to follow the requirements of the state  
7 treasurer; modifying certain definitions; authorizing the state treasurer  
8 to assess a fee to operate the public moneys pooled method; creating  
9 the public moneys fee fund of the state treasurer; providing exceptions  
10 to the public moneys pooled method if accounts are subject to  
11 conflicting federal law; amending K.S.A. 9-1401, 9-1403, 9-1405, 9-  
12 1406, 9-1407, 9-1408 and 75-4201 and K.S.A. 2025 Supp. 9-1402, 9-  
13 1410, 12-1675 and 75-4218 and repealing the existing sections.  
14

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

16 Section 1. K.S.A. 9-1401 is hereby amended to read as follows: 9-  
17 1401. (a) The governing body of any municipal corporation or quasi-  
18 municipal corporation shall designate by official action, recorded upon the  
19 governing body's minutes, the banks, savings and loan associations and  
20 savings banks ~~which that~~ shall serve as depositories of the governing  
21 body's funds, and the officer and official having the custody of such funds  
22 shall not deposit such funds other than at such designated banks, savings  
23 and loan associations and savings banks. The banks, savings and loan  
24 associations and savings banks ~~which that~~ have main or branch offices in  
25 the county or counties in which all or part of such municipal corporation or  
26 quasi-municipal corporation is located shall be designated as such official  
27 depositories if the municipal or quasi-municipal corporation can obtain  
28 satisfactory security therefor.

29 (b) Every officer or person depositing public funds shall deposit all  
30 such public funds coming into the officer's or person's possession in their  
31 name and official title as such officer. If the governing body of the  
32 municipal corporation or quasi-municipal corporation fails to designate an  
33 official depository or depositories, the officer thereof having custody of  
34 the governing body's funds shall deposit such funds with one or more  
35 banks, savings and loan associations or savings banks ~~which that~~ have  
36 main or branch offices in the county or counties in which all or part of

1 such municipal corporation or quasi-municipal corporation is located if  
2 satisfactory security can be obtained therefor. If the officer having custody  
3 is unable to obtain satisfactory security at a depository within the county  
4 or counties where the governing body is located, then the officer may  
5 deposit funds elsewhere. If the governing body's funds are deposited  
6 elsewhere, the officer shall serve notice in writing on the governing body  
7 showing the names and locations of the banks, savings and loan  
8 associations and savings banks where the funds are deposited, and upon so  
9 doing the officer having custody of the funds shall not be liable for the loss  
10 of any portion thereof except for official misconduct or for the  
11 misappropriation of such funds by such officer.

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

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

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

37 (2) The depository bank, savings and loan association or savings bank  
38 and any agent, trustee, wholly owned subsidiary or affiliate having  
39 identical ownership shall perfect the security interest causing control to be  
40 given to the ~~municipal corporation or quasi-municipal corporation~~ *state*  
41 *treasurer* in accordance with the ~~Kansas uniform commercial code~~ *K.S.A.*  
42 *2025 Supp. 9-1410, and amendments thereto.*

43 (3) The security agreement shall be in writing, executed by all parties

1 thereto, maintained as part of the parties' official records, and except for  
2 the municipal corporations or quasi-municipal corporations, approved by  
3 the boards of directors or loan committees, which approvals shall be  
4 reflected in the minutes of the boards or committees.

5 Sec. 2. K.S.A. 2025 Supp. 9-1402 is hereby amended to read as  
6 follows: 9-1402. (a) Before any deposit of public moneys or funds shall be  
7 made by any governmental unit of the state of Kansas with any bank,  
8 savings and loan association or savings bank, such governmental unit shall  
9 obtain security for such deposit in one of the following manners prescribed  
10 by this section.

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

19 (c) Such bank, savings and loan association or savings bank may  
20 deposit, maintain, pledge, assign and grant a security interest in, or cause  
21 its agent, trustee, wholly owned subsidiary or affiliate having identical  
22 ownership to deposit, maintain, pledge, assign and grant a security interest  
23 in, for the benefit of the governing body of the ~~governmental unit~~  
24 *municipal corporation or quasi-municipal corporation* in the manner  
25 provided in this section, securities, security entitlements, financial assets  
26 and securities accounts owned by the depository institution directly or  
27 indirectly through the institution's agent or trustee holding securities on the  
28 institution's behalf, or owned by the depository ~~institutions~~ *institution's*  
29 wholly owned subsidiary or by such affiliate, the market value of which is  
30 equal to ~~100%~~ *102%* of the total deposits at any given time, and such  
31 securities, security entitlements, financial assets and securities accounts,  
32 may be accepted or rejected by the ~~governing body of the governmental~~  
33 ~~unit~~ *pooled money investment board* and shall consist of the following and  
34 security entitlements thereto:

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

40 (2) bonds of any ~~governmental unit~~ *municipal corporation or quasi-*  
41 *municipal corporation* of the state of Kansas that have been refunded in  
42 advance of the bonds' maturity and are fully secured as to payment of  
43 principal and interest thereon by deposit in trust, under escrow agreement

1 with a bank, of direct obligations of, or obligations the principal of and the  
2 interest on which are unconditionally guaranteed by, the United States of  
3 America;

4 (3) bonds of the state of Kansas;

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (iii) are valued at not to exceed 50% of the lesser of the following

1 three values: Outstanding mortgage balance, current appraised value of the  
2 real estate or discounted present value based upon current federal national  
3 mortgage association or government national mortgage association interest  
4 rates quoted for conventional, federal housing administration or veterans  
5 administration mortgage loans.

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

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

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

14 (d) Such bank, savings and loan association or savings bank shall  
15 secure the deposit of public moneys of one or more governmental units  
16 through the public moneys pooled method pursuant to K.S.A. 2025 Supp.  
17 9-1410, and amendments thereto, for the benefit of the governmental unit  
18 having public moneys with such bank, savings and loan association or  
19 savings bank as provided in K.S.A. 2025 Supp. 9-1410, and amendments  
20 thereto.

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

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

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

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

43 (g) ~~For purposes of this section, "governmental unit" means the state~~

1 ~~or any county, municipality or other political subdivision of the state~~In  
 2 cases where a depository fails to meet the requirements established by the  
 3 state treasurer, the state treasurer shall instruct the governmental unit that  
 4 such governmental unit shall select one of the following options:

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

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

9 Sec. 3. K.S.A. 9-1403 is hereby amended to read as follows: 9-1403.

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

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

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

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

28 (3) office of the state treasurer.

29 Sec. 4. K.S.A. 9-1405 is hereby amended to read as follows: 9-1405.

30 (a) All bonds and securities given by any bank, savings and loan  
 31 association or savings bank to secure public moneys of the United States  
 32 or any board, commission or agency thereof; shall be deposited as required  
 33 by the United States government or any designated federal agencies.

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

39 (1) A Kansas state bank;

40 (2) a Kansas national bank;

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

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

1 another state; or

2 (5) the federal home loan bank of Topeka.

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

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

21 (e) This section shall not prohibit any custodial bank or trust  
22 company from depositing securities, security entitlements and financial  
23 assets in the custodial bank or trust company's account if:

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

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

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

35 (1) Direct or indirect ownership by any parent corporation;

36 (2) common controlling shareholders;

37 (3) common majority of the board of directors; or

38 (4) common directors with the ability to control or influence directly  
39 or indirectly the acts or policies of the depository bank, savings and loan  
40 association or savings bank securing such public deposits.

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

1 the reasonable and customary charge made therefor.

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

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

15 Sec. 5. K.S.A. 9-1406 is hereby amended to read as follows: 9-1406.  
16 No public officer ~~nor~~ or the sureties upon such officer's bond shall be  
17 liable for any loss sustained by the failure or default of any designated  
18 depository or depositories after a deposit or deposits have been made in an  
19 officially designated bank, savings and loan association or savings bank as  
20 provided in ~~this act~~ *article 14 of chapter 9 of the Kansas Statutes*  
21 *Annotated, and amendments thereto*. ~~This~~ *Such* exemption from liability  
22 shall apply even though other statutes shall require the furnishing of a  
23 bond or other securities by the designated depositories of public moneys.  
24 ~~This~~ *Such* exemption shall also apply whenever a public officer, ~~municipal~~  
25 ~~corporation or quasi-municipal corporation~~ or *governmental unit* has acted  
26 in good faith to comply with the provisions of ~~this act~~ *article 14 of chapter*  
27 *9 of the Kansas Statutes Annotated, and amendments thereto*.

28 Sec. 6. K.S.A. 9-1407 is hereby amended to read as follows: 9-1407.  
29 (a) That portion of any deposit of public moneys or funds ~~which that~~  
30 insured by the federal deposit insurance corporation; or its successor; need  
31 not be secured as provided in article 14 of chapter 9 of the Kansas Statutes  
32 Annotated, and amendments thereto.

33 (b) Public moneys or funds deposited by a ~~municipal corporation or~~  
34 ~~quasi-municipal corporation~~ *governmental unit* in a selected bank, savings  
35 and loan association or savings bank ~~which that~~ are part of a reciprocal  
36 deposit program shall not be treated as securities and need not be secured  
37 as provided in article 14 of chapter 9 of the Kansas Statutes Annotated,  
38 and amendments thereto, if the:

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

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

4 Sec. 7. K.S.A. 9-1408 is hereby amended to read as follows: 9-1408.  
 5 As used in article 14 of chapter 9 of the Kansas Statutes Annotated, and  
 6 amendments thereto:

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

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

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

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

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

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

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

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

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

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

39 Sec. 8. K.S.A. 2025 Supp. 9-1410 is hereby amended to read as  
 40 follows: 9-1410. (a) For purposes of K.S.A. 2025 Supp. 9-1410 through 9-  
 41 1412, and amendments thereto:

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

43 (2)—"Governmental unit" means the state or any county, municipality

1 or other political subdivision thereof.

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

4 ~~(4)~~(3) "Public moneys pooled method" or "pool of securities" means  
5 ~~shares of investment companies registered under the federal investment~~  
6 ~~company act of 1940 when the investment companies' assets are limited to~~  
7 ~~obligations that are eligible for investment by the bank, savings and loan~~  
8 ~~association or savings bank and limited by their prospectuses to owning~~  
9 ~~securities enumerated in K.S.A. 9-1402(e) a pool of eligible securities~~  
10 *used by a bank, savings and loan association or savings bank to secure the*  
11 *deposit of public moneys in excess of the amount insured or guaranteed by*  
12 *the federal deposit insurance corporation pursuant to K.S.A. 9-1402 and*  
13 *12-1675, and amendments thereto.*

14 ~~(5)~~(4) "Treasurer" means the state treasurer.

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

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

1 the state treasurer.

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

16 (e) A bank, savings and loan association or savings bank in which  
17 public moneys or public funds are deposited may at any time substitute,  
18 exchange or release securities deposited if such substitution, exchange or  
19 release does not reduce the aggregate market value of the pool of securities  
20 to an amount that is less than 102% of the total amount of public moneys  
21 or public funds less the portion of such public moneys or funds insured or  
22 guaranteed by the federal deposit insurance corporation and pursuant to  
23 K.S.A. 9-1402 and 12-1675, and amendments thereto. Such bank, savings  
24 and loan association or savings bank shall notify the administrator if  
25 additional collateral is required to be pledged due to an increase in  
26 deposits placed by the governmental unit. Such bank, savings and loan  
27 association or savings bank shall notify the administrator if such bank,  
28 savings and loan association or savings bank desires to release collateral  
29 due to a reduction in governmental unit deposits.

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

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

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

1 governmental unit represented in the pool.

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

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

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

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

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

28 ~~(j) This section shall take effect on and after January 1, 2026~~  
29 *The treasurer may assess a fee to operate the public moneys pooled method*  
30 *that is equivalent to the reasonable and customary charge made therefor.*  
31 *All such fees received shall be deposited in the state treasury to the credit*  
32 *of the public moneys fee fund, which is hereby created. All expenditures*  
33 *from the public moneys fee fund shall be made in accordance with*  
34 *appropriation acts upon warrants of the director of accounts and reports*  
35 *issued pursuant to vouchers approved by the treasurer or the treasurer's*  
36 *designee.*

37 Sec. 9. K.S.A. 2025 Supp. 12-1675 is hereby amended to read as  
38 follows: 12-1675. (a) The governing body of any county, city, township,  
39 school district, area vocational-technical school, community college,  
40 firemen's relief association, community mental health center, community  
41 facility for people with intellectual disability or any other governmental  
42 entity, unit or subdivision in the state of Kansas having authority to  
43 receive, hold and expend public moneys or funds may invest any moneys

1 that are not immediately required for the purposes for which the moneys  
 2 were collected or received, and the investment of which is not subject to or  
 3 regulated by any other statute.

4 (b) Such moneys shall be invested only:

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

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

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

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

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

29 (3) in repurchase agreements with:

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

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

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

1 county or counties in which all or part of such investing governmental unit  
2 is located; or

3 (C) if no bank, savings and loan association or savings bank, having a  
4 main or branch office in such county or counties is willing to enter into  
5 such an agreement with the investing governmental unit at an interest rate  
6 equal to or greater than the investment rate, as defined in K.S.A. 12-  
7 1675a(g), and amendments thereto, then ~~such repurchase agreements may~~  
8 ~~be entered into with~~ banks, savings and loan associations or savings banks  
9 located within this state.

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

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

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

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

21 (C) primary government securities dealers that report to the market  
22 report division of the federal reserve bank of New York, or any broker-  
23 dealer engaged in the business of selling government securities that is  
24 registered in compliance with the requirements of section 15 or 15C of the  
25 securities exchange act of 1934 and registered pursuant to K.S.A. 17-  
26 12a401, and amendments thereto;

27 (5) in the municipal investment pool fund established in K.S.A. 12-  
28 1677a, and amendments thereto;

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

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

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

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

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

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

17 (e) Public moneys deposited pursuant to subsection (b)(2) by the  
18 governing body of any governmental unit listed in subsection (a) through a  
19 selected bank, savings and loan association or savings bank that is part of a  
20 reciprocal deposit program in which the bank, savings and loan association  
21 or savings bank:

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

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

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

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

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

42 (g) In selecting a depository institution pursuant to subsection (b)(2),  
43 an investing governmental unit shall allow an eligible financial institution

1 two business days to respond to the bid.

2 Sec. 10. K.S.A. 75-4201 is hereby amended to read as follows: 75-  
3 4201. As used in this act, unless the context otherwise requires:

4 (a) "Treasurer" means state treasurer.

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

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

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

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

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

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

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

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

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

25 (k) "Securities" means, for the purposes of this section and K.S.A.  
26 75-4218, and amendments thereto, ~~securities, security entitlements,~~  
27 ~~financial assets and securities account consisting of any one or more of the~~  
28 ~~following, and security entitlements thereto, which may be accepted or~~  
29 ~~rejected by the pooled money investment board:~~

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

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

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

38 ~~(4) Revenue bonds of any municipality, as defined by K.S.A. 10-101,~~  
39 ~~and amendments thereto, within the state of Kansas or bonds issued by a~~  
40 ~~public building commission as authorized by K.S.A. 12-1761, and~~  
41 ~~amendments thereto, if approved by the state bank commissioner, except~~  
42 ~~(A) bonds issued under the provisions of K.S.A. 12-1740 et seq., and~~  
43 ~~amendments thereto, unless such bonds are rated at least MIG-1 or Aa by~~

1 ~~Moody's Investors Service or AA by Standard & Poor's Corp. and (B)~~  
2 ~~bonds secured by revenues of a utility which has been in operation for less~~  
3 ~~than three years. Any expense incurred in connection with granting~~  
4 ~~approval of revenue bonds shall be paid by the applicant for approval.~~

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

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

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

19 ~~(8) Securities listed in paragraph (14) of subsection (d) of K.S.A. 9-~~  
20 ~~1402, and amendments thereto, within limitations of K.S.A. 9-1402, and~~  
21 ~~amendments thereto.~~

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

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

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

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

38 (m) "Savings and loan association" means a savings and loan  
39 association incorporated under the laws of this state or organized under the  
40 laws of the United States or another state, insured by the federal deposit  
41 insurance corporation or its successor and having a main or branch office  
42 in the county in which a state agency making collection of any fees, tuition  
43 or charges is located.

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

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

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

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

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

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

20 Sec. 11. K.S.A. 2025 Supp. 75-4218 is hereby amended to read as  
21 follows: 75-4218. (a) All state bank accounts shall be secured as provided  
22 in this section.

23 The bank, savings bank or savings and loan association receiving or  
24 having a state bank account shall deposit, maintain, pledge, assign, and  
25 grant a security interest in, or cause its agent, trustee, wholly-owned  
26 subsidiary, or affiliate having identical ownership to deposit, maintain,  
27 pledge, assign, and grant a security interest in, for the benefit of the state  
28 of Kansas, in the manner provided in this act, securities owned by the  
29 depository bank directly or indirectly through its agent or trustee holding  
30 securities on its behalf, or owned by the depository bank's wholly-owned  
31 subsidiary or by such affiliate, the market value of which is equal to ~~100%~~  
32 ~~102%~~ of the amount of the account ~~plus accrued interest~~, less that portion  
33 of the amount of the account ~~plus accrued interest~~ ~~which that~~ is insured by  
34 the federal deposit insurance corporation or its successor.

35 (b) All securities securing state bank accounts shall be deposited in a  
36 securities account with ~~a bank~~ *any custodial bank or trust company as*  
37 *described in K.S.A. 9-1405(b), and amendments thereto*, having the prior  
38 approval of the board, a credit union having the prior approval of the  
39 board, ~~the federal home loan bank of Topeka~~ or with the state treasurer  
40 pursuant to a written custodial agreement, and a receipt taken therefor with  
41 one copy going to the treasurer and one copy going to the bank, savings  
42 bank or savings and loan association—~~which that~~ has secured such state  
43 bank account. The receipt shall identify the securities—~~which that~~ are

1 subject to a security interest to secure payment of the state bank account.  
2 This section shall not prohibit any custodial bank receiving securities on  
3 deposit from issuing a receipt and depositing securities identified in the  
4 receipt in such bank's account with any bank chartered in Kansas or any  
5 other state, any trust company chartered in Kansas or any other state, any  
6 national bank, or any centralized securities depository wherever located  
7 within the United States. No securities securing state bank accounts shall  
8 be deposited in any bank, trust company or national bank ~~which~~ *that* is  
9 owned directly or indirectly by any parent corporation of the depository  
10 bank, or with any bank, trust company, or national bank having common  
11 controlling shareholders, having a common majority of the board of  
12 directors or having common directors with the ability to control or  
13 influence directly or indirectly the acts or policies of the bank, savings and  
14 loan association or savings bank securing such state bank account. Any  
15 custodial bank ~~which~~ *that* releases securities securing a state bank account  
16 without being authorized to do so under the custodial agreement shall be  
17 liable to the state for any loss to the state resulting therefrom.

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

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

36 Sec. 12. K.S.A. 9-1401, 9-1403, 9-1405, 9-1406, 9-1407, 9-1408 and  
37 75-4201 and K.S.A. 2025 Supp. 9-1402, 9-1410, 12-1675 and 75-4218 are  
38 hereby repealed.

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