

**SENATE BILL No. 115**

By Committee on Ways and Means

1-31

Proposed Amendment  
February 7, 2017

1 AN ACT concerning state finances; relating to the investments and  
2 reinvestments of state moneys; transfers to and from the state general  
3 fund; amending K.S.A. 2016 Supp. 75-2263, 75-4209 and 75-4234 and  
4 repealing the existing sections.  
5

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

7 Section 1. K.S.A. 2016 Supp. 75-2263 is hereby amended to read as  
8 follows: 75-2263. (a) ~~On and after the effective date of this act~~ *Subject to*  
9 *the provisions of subsection (j), the board of trustees is responsible for the*  
10 *management and investment of that portion of state moneys available for*  
11 *investment by the pooled money investment board that is certified by the*  
12 *state treasurer to the board of trustees as being equivalent to the aggregate*  
13 ~~*net amount received for unclaimed property and idle funds available for*~~  
14 ~~*long term investment and not necessary to maintain the cash flow needs of*~~  
15 ~~*the state treasury. Prior to such certification, the state treasurer shall*~~  
16 ~~*consult with the director of investments of the pooled money investment*~~  
17 ~~*board. The board of trustees shall discharge the board's duties with respect*~~  
18 ~~*to such moneys solely in the interests of the state general fund and shall*~~  
19 ~~*invest and reinvest such moneys and acquire, retain, manage, including the*~~  
20 ~~*exercise of any voting rights and disposal of investments of such moneys*~~  
21 ~~*within the limitations and according to the powers, duties and purposes as*~~  
22 ~~*prescribed by this section. At the same time as the state treasurer certifies*~~  
23 ~~*the amount of idle funds available for long term investment and not*~~  
24 ~~*necessary to maintain the cash flow needs of the state treasury, the state*~~  
25 ~~*treasurer shall transmit a copy of each such certification to the director of*~~  
26 ~~*legislative research and the director of the budget.*~~

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

33 (c) In investing and reinvesting moneys specified in subsection (a)  
34 and in acquiring, retaining, managing and disposing of investments of the  
35 moneys, the board of trustees shall exercise the judgment, care, skill,  
36 prudence and diligence under the circumstances then prevailing, which

1 of an underlying asset or index of asset values.

2 (k) Moneys and investments in the pooled money investment  
3 portfolio shall be invested and reinvested by the director of investments in  
4 accordance with investment policies developed, approved, published and  
5 updated on an annual basis by the board. Such investment policies shall  
6 include at a minimum guidelines which identify credit standards, eligible  
7 instruments, allowable maturity ranges, methods for valuing the portfolio,  
8 calculating earnings and yields and limits on portfolio concentration for  
9 each type of investment. Any changes in such investment policies shall be  
10 approved by the pooled money investment board. Such investment policies  
11 may specify the contents of reports, methods of crediting funds and  
12 accounts and other operating procedures.

13 (l) The board shall adopt rules and regulations to establish an overall  
14 percentage limitation on the investment of moneys in investments  
15 authorized under ~~paragraph (3)~~ of subsection (a)(3), and within such  
16 authorized investment, the board shall establish a percentage limitation on  
17 the investment in any single business entity.

18 (m) (1) *Upon the liquidation of all investments and reinvestments of*  
19 *state moneys pursuant to K.S.A. 2016 Supp. 75-2263(j), and amendments*  
20 *thereto, during the fiscal year ending June 30, 2017, the pooled money*  
21 *investment board shall authorize the director of accounts and reports to*  
22 *transfer \$317,100,000 from the pooled money investment portfolio to the*  
23 *state general fund. Upon receipt of such authorization, the director of*  
24 *accounts and reports shall make such transfer. The chairperson of the*  
25 *pooled money investment board shall transmit a copy of such*  
26 *authorization to the director of legislative research and the director of the*  
27 *budget.*

\$100,000,000

and

28 (2) *On or before June 30, 2018, June 30, 2019, June 30, 2020, June*  
29 *30, 2021, ~~June 30, 2022, June 30, 2023, and June 30, 2024,~~ the director of*  
30 *accounts and reports shall transfer \$45,300,000 from the state general*  
31 *fund to the pooled money investment portfolio.*

\$25,000,000

32 Sec. 3. K.S.A. 2016 Supp. 75-4234 is hereby amended to read as  
33 follows: 75-4234. (a) Except as provided in subsection (c) and in  
34 subsection (f), all moneys in the state treasury shall be invested as a single  
35 portfolio which is hereby designated as the pooled money investment  
36 portfolio. The portfolio shall be invested in accordance with article 42 of  
37 chapter 75 of the Kansas Statutes Annotated, and amendments thereto. The  
38 director of investments shall compute daily the earnings of the portfolio,  
39 including realized gains and losses. The pooled money investment board  
40 by written policy may provide for allocation of unrealized gains or losses.  
41 The director of investments shall calculate on a daily basis and shall  
42 deduct from earnings an administrative fee which shall be set by the board  
43 and applied as a fixed percentage of moneys in the pooled money