

HOUSE BILL No. 2169

AN ACT relating to state moneys; concerning the investment thereof; amending K.S.A. 75-4221 and K.S.A. 2000 Supp. 75-4237 and repealing the existing sections.

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

Section 1. K.S.A. 75-4221 is hereby amended to read as follows: 75-4221. (a) ~~In all cases wherein it shall appear to the board that the securities pledged by any depository bank have become inadequate, it shall be the duty of~~ Any state agency which is authorized to maintain a bank account, shall be responsible for determining that the securities pledged, assigned, deposited or in which a security interest is granted by the depository bank are adequate to secure the balance in the account pursuant to K.S.A. 75-4218, and amendments thereto. The agency shall immediately notify the board if the securities pledged, assigned, deposited or in which a security interest is granted by the depository bank have become inadequate. The board ~~to~~ shall immediately notify such depository bank and demand that additional security be pledged to make good such inadequacy; and in default of such additional security being promptly furnished, the board shall instruct the treasurer to close the account.

(b) In cases where a depository bank fails to meet the requirements established by the board pursuant to K.S.A. 75-4232, and amendments thereto, the board shall instruct the treasurer to advise the depository bank it must select one of the following options:

- (1) Close the account for the full amount, including accrued interest and without penalty if the deposit exceeds seven days, or
- (2) convert the account to a repurchase agreement under terms acceptable to the board.

(c) In the event of the insolvency or dissolution from any cause of a depository bank having a state bank account of any type, the state shall be entitled to file a claim for the full amount of such account and shall retain or collect dividends or interest on securities pledged by such depository bank until the amount of the dividends or interest added to the amount realized from sale of any securities so pledged to the state equals the amount of the account and any interest due thereon.

The state shall be fully responsible to any depository bank for the safe return of any securities deposited in the state treasury in accordance with this act.

Sec. 2. K.S.A. 2000 Supp. 75-4237 is hereby amended to read as follows: 75-4237. (a) The director of investments shall accept requests from banks interested in obtaining investment accounts of state moneys. Such requests may be submitted any business day and shall specify the dollar amount, ~~maturity or maturity range and interest rate. Except as provided in subsection (c), if the interest rate bid by the bank is at or greater than the market rate determined by the director of investments in accordance with subsection (b), and maturity.~~ The director of investments is authorized to award the investment account to the ~~bidding~~ requesting bank at the market rate established by subsection (b). Awards of investment accounts pursuant to this section shall be subject to investment policies of the pooled money investment board. When multiple bids requests are received and are in excess of the amount available for investment that day for any maturity, awards shall be made available in ascending order from smallest to largest dollar amount bid requested, subject to investment policies of the board.

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

(c) (1) Notwithstanding the provisions of this section, linked deposits made pursuant to the provisions of K.S.A. 2000 Supp. 2-3703 through 2-3707, and amendments thereto, shall be at an interest rate which is 2% less than the market rate determined under this section and which shall be recalculated on the first business day of each calendar year using the market rate then in effect.

(2) Notwithstanding the provisions of this section, agricultural production loan deposits made pursuant to the provisions of K.S.A. 2000 Supp. 75-4268 through 75-4274, and amendments thereto, shall be at 2%

less than the market rate provided by this section and which shall be recalculated on the first business day of each calendar year using the market rate then in effect.

Sec. 3. K.S.A. 75-4221 and K.S.A. 2000 Supp. 75-4237 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the Kansas register.

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

HOUSE concurred in
SENATE amendments _____

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE
as amended _____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.