

HOUSE BILL No. 2096

By Committee on Financial Institutions

1-24

1 AN ACT concerning local governing bodies; relating to investment of
2 public moneys, conditions and limitations; amending K.S.A. 2012
3 Supp. 12-1675 and repealing the existing section.
4

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

6 Section 1. K.S.A. 2012 Supp. 12-1675 is hereby amended to read as
7 follows: 12-1675. (a) The governing body of any county, city, township,
8 school district, area vocational-technical school, community college,
9 firemen's relief association, community mental health center, community
10 facility for people with intellectual disability or any other governmental
11 entity, unit or subdivision in the state of Kansas having authority to
12 receive, hold and expend public moneys or funds may invest any moneys
13 which are not immediately required for the purposes for which the moneys
14 were collected or received, and the investment of which is not subject to or
15 regulated by any other statute.

16 (b) Such moneys shall be invested only:

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

19 (2) in savings deposits, *demand deposits*, time deposit, open accounts,
20 certificates of deposit or time certificates of deposit with maturities of not
21 more than two years: (A) In banks, savings and loan associations and
22 savings banks, which have main or branch offices located in such investing
23 governmental unit; or (B) if no main or branch office of a bank, savings
24 and loan association or savings bank is located in such investing
25 governmental unit, then in banks, savings and loan associations and
26 savings banks, which have main or branch offices in the county or counties
27 in which all or part of such investing governmental unit is located;

28 (3) in repurchase agreements with: (A) Banks, savings and loan
29 associations and savings banks, which have main or branch offices located
30 in such investing governmental unit, for direct obligations of, or
31 obligations that are insured as to principal and interest by, the United
32 States government or any agency thereof; or (B) (i) if no main or branch
33 office of a bank, savings and loan association or savings bank, is located in
34 such investing governmental unit; or (ii) if no such bank, savings and loan
35 association or savings bank having a main or branch office located in such
36 investing governmental unit is willing to enter into such an agreement with

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

14 (4) in United States treasury bills or notes with maturities as the
15 governing body shall determine, but not exceeding two years. Such
16 investment transactions shall only be conducted with banks, savings and
17 loan associations and savings banks; the federal reserve bank of Kansas
18 City, Missouri; or with primary government securities dealers which report
19 to the market report division of the federal reserve bank of New York, or
20 any broker-dealer engaged in the business of selling government securities
21 which is registered in compliance with the requirements of section 15 or
22 15C of the securities exchange act of 1934 and registered pursuant to
23 K.S.A. 17-12a401, and amendments thereto;

24 (5) in the municipal investment pool fund established in K.S.A. 12-
25 1677a, and amendments thereto;

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

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

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

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

9 (d) In selecting a depository pursuant to paragraph (2) of subsection
10 (b), if a bank, savings and loan association or savings bank eligible for an
11 investment deposit thereunder has an office located in the investing
12 governmental unit and such financial institution will make such deposits
13 available to the investing governmental unit at interest rates equal to or
14 greater than the investment rate, as defined in subsection (g) of K.S.A. 12-
15 1675a, and amendments thereto, and such financial institution otherwise
16 qualifies for such deposit, the investing governmental unit shall select one
17 or more of such eligible financial institutions for deposit of funds pursuant
18 to this section. If no such financial institution qualifies for such deposits,
19 the investing governmental unit may select for such deposits one or more
20 eligible banks, savings and loan associations or savings banks which have
21 offices in the county or counties in which all or a part of such investing
22 governmental unit is located which will make such deposits available to
23 the investing governmental unit at interest rates equal to or greater than the
24 investment rate, as defined in subsection (g) of K.S.A. 12-1675a, and
25 amendments thereto, and which otherwise qualify for such deposits.

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

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

32 (f) Public moneys deposited pursuant to subsection (b)(2) of K.S.A.
33 12-1675, and amendments thereto, by the governing body of any
34 governmental unit listed in subsection (a) of K.S.A. 12-1675, and
35 amendments thereto, through a selected bank, savings and loan association
36 or savings bank which is part of a reciprocal deposit program in which the
37 bank, savings and loan association or savings bank:

38 (1) Receives reciprocal deposits from other participating institutions
39 located in the United States in an amount equal to the amount of funds
40 deposited by the municipal corporation or quasi-municipal corporation;
41 and

42 (2) for which the total cumulative amount of each deposit does not
43 exceed the maximum deposit insurance amount for one depositor at one

1 financial institution as determined by the federal deposit insurance
2 corporation.

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

5 Sec. 2. K.S.A. 2012 Supp. 12-1675 is hereby repealed.

6 Sec. 3. This act shall take effect and be in force from and after its
7 publication in the statute book.