

HOUSE BILL No. 2071

By Representative O'Neal

1-18

9 AN ACT concerning the investment of public moneys; amending K.S.A.
10 12-1675 and 72-8804 and repealing the existing sections.

11

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

13 Section 1. K.S.A. 12-1675 is hereby amended to read as follows: 12-
14 1675. (a) The governing body of any county, city, township, school district,
15 area vocational-technical school, community college, firemen's relief as-
16 sociation, community mental health center, community facility for the
17 mentally retarded or any other governmental entity, unit or subdivision
18 in the state of Kansas having authority to receive, hold and expend public
19 moneys or funds may invest any moneys which are not immediately re-
20 quired for the purposes for which the moneys were collected or received,
21 and the investment of which is not subject to or regulated by any other
22 statute.

23 (b) Such moneys shall be invested only:

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

26 (2) in time deposit, open accounts, certificates of deposit or time cer-
27 tificates of deposit with maturities of not more than ~~two~~ five years: (A)
28 In banks, savings and loan associations and savings banks, which have
29 main or branch offices located in such investing governmental unit; or
30 (B) if no main or branch office of a bank, savings and loan association or
31 savings bank is located in such investing governmental unit, then in banks,
32 savings and loan associations and savings banks, which have main or
33 branch offices in the county or counties in which all or part of such in-
34 vesting governmental unit is located;

35 (3) in repurchase agreements with: (A) Banks, savings and loan as-
36 sociations and savings banks, which have main or branch offices located
37 in such investing governmental unit, for direct obligations of, or obliga-
38 tions that are insured as to principal and interest by, the United States
39 government or any agency thereof; or (B) (i) if no main or branch office
40 of a bank, savings and loan association or savings bank, is located in such
41 investing governmental unit; or (ii) if no such bank, savings and loan
42 association or savings bank having a main or branch office located in such
43 investing governmental unit is willing to enter into such an agreement

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

13 (4) in United States treasury bills or notes with maturities as the gov-
14 erning body shall determine, but not exceeding ~~two~~ *five* years. Such in-
15 vestment transactions shall only be conducted with banks, savings and
16 loan associations and savings banks; the federal reserve bank of Kansas
17 City, Missouri; or with primary government securities dealers which re-
18 port to the market report division of the federal reserve bank of New
19 York, or any broker-dealer engaged in the business of selling government
20 securities which is registered in compliance with the requirements of
21 section 15 or 15C of the securities exchange act of 1934 and registered
22 pursuant to K.S.A. 17-1254, and amendments thereto;

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

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

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

40 (c) The investments authorized in paragraphs (4), (5), (6) or (7) of
41 subsection (b) shall be utilized only if the banks, savings and loan asso-
42 ciations and savings banks eligible for investments authorized in para-
43 graph (2) of subsection (b), cannot or will not make the investments au-

1 thORIZED in paragraph (2) of subsection (b) available to the investing
2 governmental unit at interest rates equal to or greater than the investment
3 rate, as defined in subsection (g) of K.S.A. 12-1675a.

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

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

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

27 Sec. 2. K.S.A. 72-8804 is hereby amended to read as follows: 72-
28 8804. Any moneys in the capital outlay fund of any school district and any
29 moneys received from issuance of bonds under K.S.A. 72-8805 or 72-
30 8810, and amendments thereto, may be used for the purpose of the ac-
31 quisition, construction, reconstruction, repair, remodeling, additions to,
32 furnishing and equipping of buildings necessary for school district pur-
33 poses, including housing and boarding pupils enrolled in an area voca-
34 tional school operated under the board of education, architectural ex-
35 penses incidental thereto, the acquisition of building sites, the
36 undertaking and maintenance of asbestos control projects, the acquisition
37 of school buses and the acquisition of other equipment. The board of
38 education of any school district is hereby authorized to invest any portion
39 of the capital outlay fund of the school district which is not currently
40 needed in investments authorized by K.S.A. 12-1675, and amendments
41 thereto, in the manner prescribed therein or may invest the same in direct
42 obligations of the United States government maturing or redeemable at
43 par and accrued interest within ~~three~~ *five* years from date of purchase,

1 the principal and interest whereof is guaranteed by the government of
2 the United States. All interest received on any such investment shall upon
3 receipt thereof be credited to the capital outlay fund.

4 Sec. 3. K.S.A. 12-1675 and 72-8804 are hereby repealed.

5 Sec. 4. This act shall take effect and be in force from and after its
6 publication in the statute book.