

SESSION OF 2026

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 232**

As Amended by Senate Committee on Financial  
Institutions and Insurance

**Brief\***

SB 232, as amended, would allow state moneys equivalent to the aggregate net amount received for unclaimed property to be invested in certain foreign governments.

The bill would specify that the Board of Trustees (Board) of the Kansas Public Employees Retirement System (KPERs) could invest in U.S. dollar denominated bonds, notes, debentures, or other similar obligations of a foreign government that the International Monetary Fund lists as an industrial country and for which the full faith and credit of the nation has been pledged for the payment of principal and interest, so long as the country is:

- Rated at least an A- or better by Standard and Poor's Corporation;
- Rated A3 or better by Moody's Investors Service;
- Rated A- or better by Fitch Ratings; or
- Rated an equivalent investment grade by a securities rating organization accepted by the National Association of Insurance Commissioners.

The investment in foreign securities at any one time could not exceed 5.0 percent of the cash available for investment. The bill would only allow investments to be made

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

in a country that has never defaulted on short-term or long-term debt obligations.

The bill would prohibit investment in a country that is:

- Identified as a state sponsor of terrorism by the U.S. Department of State; or
- An authoritarian or totalitarian government the sovereign powers of which are exercised through a single person or group of persons who are not elected by any form of legitimate popular voting.

## **Background**

The bill was introduced by the Senate Committee on Federal and State Affairs at the request of Senator Warren.

The bill was referred to the Senate Committee on Financial Institutions and Insurance

### ***Senate Committee on Financial Institutions and Insurance***

In the Senate Committee hearing, **proponent** testimony was provided by the State Treasurer, who stated the bill modernizes investment options available to the KPERS Board by allowing limited investment in high-quality obligations of certain foreign governments with specific safeguards to help guide responsible management of investments.

The Executive Director of KPERS provided **neutral** testimony, who stated the State Treasurer's Unclaimed Property program is separate from the KPERS retirement trust and has no impact on retirement benefits, employer contribution rates, or the funded status of the pension system. The conferee stated that KPERS anticipates the bill would not require new staff, contracts, or operating expenditures and

would have no actuarial impact on KPERS retirement benefits or the long-term funding of the retirement system.

No other testimony was provided.

The Senate Committee amended the bill to:

- Specify that investment in bonds of a foreign government must be U.S. dollar denominated;
- Provide for the State Treasurer to invest in countries with an A- or better by Fitch Ratings; and
- Clarify that investments could only be allowed in a country that has never defaulted on short-term or long-term debt obligations.

### **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, KPERS states enactment of the bill would not require any additional expenditures beyond staff time for research and analysis. The State Treasurer's Unclaimed Property Fund is separate from the KPERS Trust Fund and would not have an actuarial cost to the state's retirement plans. The Office of the State Treasurer indicates enactment of the bill would have no fiscal effect.

Kansas Public Employees Retirement System; retirement; pensions; State Treasurer; unclaimed property; investment; foreign governments