

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 86** submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill as printed with House Committee amendments, as follows:

On page 1, by striking all in lines 7 through 36;

By striking all on pages 2 through 10;

On page 11, by striking all in lines 1 through 25 and inserting:

"New Section 1. (a) Sections 1 through 7, and amendments thereto, shall be known and may be cited as the Kansas extraordinary utility costs loan deposit program.

(b) The Kansas extraordinary utility costs loan deposit program shall be a part of and supplemental to article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto.

New Sec. 2. As used in the Kansas extraordinary utility costs loan deposit program:

(a) "Director of investments" means the person appointed as the director of investments pursuant to K.S.A. 75-4222, and amendments thereto;

(b) "eligible borrower" means any wholesale natural gas customer located in the state of Kansas that incurs extraordinary natural gas costs due to the extreme winter weather event of February 2021 and is not an individual obtaining a loan for personal, family or household purposes; and

(c) "eligible lending institution" means a financial institution that is:

(1) A bank, as defined under K.S.A. 75-4201, and amendments thereto, that agrees to participate in the program and is eligible to be a depository of state funds;

(2) a credit union, as defined under K.S.A. 17-2231, and amendments thereto, that

agrees to participate in the program and that provides securities acceptable to the pooled money investment board pursuant to article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto; or

(3) an institution of the farm credit system organized under the federal farm credit act of 1971, 12 U.S.C. § 2001, as in effect on the effective date of this act, having at least one branch in the state of Kansas and that agrees to participate in the program and that provides securities acceptable to the pooled money investment board pursuant to article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto.

(d) "extraordinary utility costs loan deposit" means an investment account placed by the director of investments under the provisions of article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto, with an eligible lending institution for the purpose of carrying out the intent of the Kansas extraordinary utility costs loan deposit program;

(e) "extraordinary utility costs loan deposit loan" or "loan" means a loan made by an eligible lending institution to an eligible borrower from the eligible lending institution's extraordinary utility cost loan deposit as part of the Kansas extraordinary utility costs loan deposit program;

(f) "extraordinary utility costs loan deposit loan package" means the forms provided by the state treasurer for the purpose of applying for an extraordinary utility costs loan deposit;

(g) "extraordinary utility costs loan deposit program" or "program" means a state-administered program in which eligible lenders are charged less than the market rate of interest and eligible borrowers receive a reduction in interest charged on a loan in the amount of the deposit;

New Sec. 3. (a) (1) The state treasurer is hereby authorized to administer the Kansas extraordinary utility costs loan deposit program.

(2) The program shall be for the purpose of providing incentives for the making of loans to eligible borrowers for extraordinary natural gas costs incurred during the extreme winter weather event of February 2021.

(3) The total aggregate amount of extraordinary utility costs loan deposit loans under the program shall not exceed the amount of unencumbered funds pursuant to article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto, certified by the state treasurer and directed to be reinvested pursuant to section 17, and amendments thereto.

(4) (A) Notwithstanding the provisions of any statute to the contrary, a school district, as defined in K.S.A. 72-6486, and amendments thereto, that is an eligible borrower is hereby authorized to enter into loan agreements under the program.

(B) The provisions and restrictions of the cash basis and budget laws of this state shall not apply to any loan received by a school district under the program.

(C) To the extent that any of the provisions of sections 1 through 7, and amendments thereto, conflict with the provisions of chapter 72 of the Kansas Statutes Annotated, and amendments thereto, the provisions of sections 1 through 7, and amendments thereto, shall control.

(D) Any loan made to a school district under the program shall not be considered bonded indebtedness for the purpose of any statute imposing a limitation on indebtedness of a school district.

(b) The state treasurer shall adopt all rules and regulations necessary to enact and administer the provisions of the Kansas extraordinary utility costs loan deposit program. Such rules and regulations shall be adopted not later than February 1, 2022.

(c) The state treasurer shall submit an annual report to the governor and the legislature identifying the eligible lending institutions that are participating in the program and the eligible

borrowers who have received an extraordinary utility costs loan deposit loan. The annual report shall provide the aggregate amount of moneys loaned and the amount of moneys still available for loan, if any. Such report shall be due on or before January 1, 2023, and each January 1 thereafter.

(d) The legislature shall perform a review of the program as a part of the state treasurer's annual report on or after January 1, 2024.

New Sec. 4. (a) The state treasurer is hereby authorized to disseminate information and to provide extraordinary utility costs loan deposit loan packages to the lending institutions eligible for participation in the Kansas extraordinary utility costs loan deposit program.

(b) The extraordinary utility costs loan deposit loan package shall be completed by the eligible borrower before being forwarded to the lending institution for consideration.

(c) (1) An eligible lending institution that agrees to receive an extraordinary utility costs loan deposit shall accept and review applications for loans from eligible borrowers.

(2) The lending institution shall apply all usual lending standards to determine the creditworthiness of eligible borrowers.

(3) No single extraordinary utility costs loan deposit loan shall exceed \$500,000.

(4) Only one extraordinary utility costs loan deposit loan shall be made and be outstanding at any one time to any eligible borrower.

(5) No loan shall be amortized for a period of more than three years.

(d) An eligible borrower shall certify on the loan application that the reduced rate loan will be used exclusively for the expenses involved in the borrower's utility costs in Kansas incurred during the extreme winter weather event of February 2021.

(e) The eligible lending institution may approve or reject an extraordinary utility costs loan deposit loan package based on the lending institution's evaluation of the eligible borrowers

included in the package, the amount of the individual loan in the package and other appropriate considerations.

(f) The eligible lending institution shall forward to the state treasurer an approved extraordinary utility costs loan deposit loan package in the form and manner prescribed and approved by the state treasurer. The package shall include information regarding the amount of the loan requested by each eligible borrower and such other information regarding each eligible borrower that the state treasurer may require. Such package shall include a certification by the applicant that such applicant is an eligible borrower.

New Sec. 5. (a) The state treasurer may accept or reject an extraordinary utility costs loan deposit loan package based on the state treasurer's evaluation of whether the loan to the eligible borrower meets the requirements of the Kansas extraordinary utility costs loan deposit program. If sufficient funds are not available for an extraordinary utility costs loan deposit, then the applications may be considered in the order received when funds are once again available, subject to a review by the lending institution. The fact that an eligible borrower received a loan under the Kansas economic recovery loan deposit program shall not preclude such eligible borrower from receiving a loan under this program.

(b) Upon acceptance, the state treasurer shall certify to the director of investments the amount required for such extraordinary utility costs loan deposit loan package, and the director of investments shall place an extraordinary utility costs loan deposit in the amount certified by the state treasurer with the eligible lending institution at an interest rate that is 2% below the market rate as provided in K.S.A. 75-4237, and amendments thereto, and that shall be recalculated on the first business day of January of each year using the market rate then in effect. The minimum interest rate shall be 0.25% if the market rate is below 2.25%. When necessary, the state treasurer may request the director of investments to place such extraordinary utility

costs loan deposit with the eligible lending institution prior to acceptance of an extraordinary utility costs loan deposit loan package.

(c) The eligible lending institution shall enter into an extraordinary utility costs loan deposit agreement with the state treasurer. Such agreement shall include requirements necessary to implement the purposes of the Kansas extraordinary utility costs loan deposit program. Such requirements shall include an agreement by the eligible lending institution to lend an amount equal to the extraordinary utility costs loan deposit to eligible borrowers at an interest rate that is not more than 3% greater than the interest rate on extraordinary utility costs loan deposits as provided in subsection (b). Such rate shall be recalculated on the first business day of January of each year using the market rate then in effect. The agreement shall include provisions for the extraordinary utility costs loan deposit to be placed for a period of time not to exceed three years and that is considered appropriate in coordination with the underlying extraordinary utility costs loan. The agreement shall include provisions for the reduction of the extraordinary utility costs loan deposit in an amount equal to any payment of loan principal by the eligible borrower.

New Sec. 6. Upon the placement of an extraordinary utility costs loan deposit with an eligible lending institution, the institution shall fund the loan to each approved eligible borrower listed in the extraordinary utility costs deposit loan package in accordance with the extraordinary utility costs loan deposit agreement between the institution and the state treasurer. The loan shall be at a rate as provided in section 5(c), and amendments thereto. A certification of compliance with this section in the form and manner as prescribed by the state treasurer shall be required of the eligible lending institution.

New Sec. 7. The state of Kansas and the state treasurer shall not be liable to any eligible lending institution in any manner for payment of the principal or interest on any extraordinary utility costs loan deposit loan to an eligible borrower. Any delay in payments or default by an

eligible borrower does not in any manner affect the extraordinary utility costs loan deposit agreement between the eligible lending institution and the state treasurer.

New Sec. 8. (a) Sections 8 through 14, and amendments thereto, shall be known and may be cited as the Kansas economic recovery loan deposit program.

(b) The Kansas economic recovery loan deposit program shall be a part of and supplemental to article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto.

New Sec. 9. As used in the Kansas economic recovery loan deposit program:

(a) "Director of investments" means the person appointed as the director of investments pursuant to K.S.A. 75-4222, and amendments thereto;

(b) "economic recovery loan deposit" means an investment account placed by the director of investments under the provisions of article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto, with an eligible lending institution for the purpose of carrying out the intent of the Kansas economic recovery loan deposit program;

(c) "economic recovery loan deposit loan" or "loan" means a loan made by an eligible lending institution to an eligible borrower from the eligible lending institution's economic recovery loan deposit as part of the economic recovery loan deposit program;

(d) "economic recovery loan deposit loan package" means the forms provided by the state treasurer for the purpose of applying for an economic recovery loan deposit;

(e) "economic recovery loan deposit program" or "program" means a state-administered program in which eligible lenders are charged less than the market rate of interest and eligible borrowers receive a reduction in interest charged on a loan in the amount of the deposit;

(f) "eligible borrower" means any individual or entity operating a business primarily for commercial or agricultural purposes with not more than 200 full-time employees maintaining

offices or operating facilities and transacting business in the state of Kansas and is not an individual obtaining a loan primarily for personal, family or household purposes; and

(g) "eligible lending institution" means a financial institution that is:

(1) A bank, as defined under K.S.A. 75-4201, and amendments thereto, that agrees to participate in the program and is eligible to be a depository of state funds;

(2) a credit union, as defined under K.S.A. 17-2231, and amendments thereto, that agrees to participate in the program and that provides securities acceptable to the pooled money investment board pursuant to article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto; or

(3) an institution of the farm credit system organized under the federal farm credit act of 1971, 12 U.S.C. § 2001, as in effect on the effective date of this act, having at least one branch in the state of Kansas, that agrees to participate in the program and that provides securities acceptable to the pooled money investment board pursuant to article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto.

New Sec. 10. (a) (1) The state treasurer is hereby authorized to administer the Kansas economic recovery loan deposit program.

(2) The program shall be for the purpose of providing incentives for the making of business loans.

(3) The total aggregate amount of economic recovery loan deposit loans under the program shall not exceed \$60,000,000 of unencumbered funds pursuant to article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto.

(b) The state treasurer shall adopt all rules and regulations necessary to implement and administer the provisions of the Kansas economic recovery loan deposit program. Such rules and regulations shall be adopted not later than February 1, 2022.

(c) The state treasurer shall submit an annual report to the governor and the legislature identifying the eligible lending institutions that are participating in the program and the eligible borrowers who have received an economic recovery loan deposit loan. The annual report shall provide the aggregate amount of moneys loaned and the amount of moneys still available for loan, if any. Such report shall be due on or before January 1, 2023, and each January 1 thereafter.

(d) The legislature shall perform a review of the program as a part of the state treasurer's annual report on or after January 1, 2024.

New Sec. 11. (a) The state treasurer is hereby authorized to disseminate information and to provide economic recovery loan deposit loan packages to the lending institutions eligible for participation in the Kansas economic recovery loan deposit program.

(b) The economic recovery loan deposit loan package shall be completed by the eligible borrower before being forwarded to the lending institution for consideration.

(c) (1) An eligible lending institution that agrees to receive an economic recovery loan deposit shall accept and review applications for loans from eligible borrowers.

(2) The lending institution shall apply all usual lending standards to determine the creditworthiness of eligible borrowers.

(3) No single economic recovery loan deposit loan shall exceed \$250,000.

(4) Only one economic recovery loan deposit loan shall be made and be outstanding at any one time to any eligible borrower.

(5) No loan shall be amortized for a period longer than 10 years.

(d) An eligible borrower shall certify on the loan application that the reduced rate loan will be used exclusively for the expenses involved in operating the borrower's business in Kansas.

(e) The eligible lending institution may approve or reject an economic recovery loan

deposit loan package based on the lending institution's evaluation of the eligible borrowers included in the package, the amount of the individual loan in the package and other appropriate considerations.

(f) The eligible lending institution shall forward to the state treasurer an approved economic recovery loan deposit loan package in the form and manner prescribed and approved by the state treasurer. The package shall include information regarding the amount of the loan requested by each eligible borrower and such other information regarding each eligible borrower that the state treasurer may require. Such package shall include a certification by the applicant that such applicant is an eligible borrower.

New Sec. 12. (a) The state treasurer may accept or reject an economic recovery loan deposit loan package based on the state treasurer's evaluation of whether the loan to the eligible borrower meets the requirements of the Kansas economic recovery loan deposit program. If sufficient funds are not available for an economic recovery loan deposit, then the applications may be considered in the order received when funds are once again available, subject to a review by the lending institution. The fact that an eligible borrower received a loan under the Kansas extraordinary utility costs loan deposit program shall not preclude such eligible borrower from receiving a loan under this program.

(b) Upon acceptance, the state treasurer shall certify to the director of investments the amount required for such economic recovery loan deposit loan package, and the director of investments shall place an economic recovery loan deposit in the amount certified by the state treasurer with the eligible lending institution at an interest rate that is 2% below the market rate as provided in K.S.A. 75-4237, and amendments thereto, and that shall be recalculated on the first business day of January of each year using the market rate then in effect. The minimum interest rate shall be 0.25% if the market rate is below 2.25%. When necessary, the state treasurer

may request the director of investments to place such economic recovery loan deposit with the eligible lending institution prior to acceptance of an economic recovery loan deposit loan package.

(c) The eligible lending institution shall enter into an economic recovery loan deposit agreement with the state treasurer. Such agreement shall include requirements necessary to implement the purposes of the Kansas economic recovery loan deposit program. Such requirements shall include an agreement by the eligible lending institution to lend an amount equal to the economic recovery loan deposit to eligible borrowers at an interest rate that is not more than 3% greater than the interest rate on economic recovery loan deposits as provided in subsection (b). Such rate shall be recalculated on the first business day of January of each year using the market rate then in effect. The agreement shall include provisions for the economic recovery loan deposit to be placed for a period of time not to exceed 10 years that is considered appropriate in coordination with the underlying economic recovery loan. The agreement shall include provisions for the reduction of the economic recovery loan deposit in an amount equal to any payment of loan principal by the eligible borrower.

New Sec. 13. Upon the placement of an economic recovery loan deposit with an eligible lending institution, the institution shall fund the loan to each approved eligible borrower listed in the economic recovery deposit loan package in accordance with the economic recovery loan deposit agreement between the institution and the state treasurer. The loan shall be at a rate as provided in section 12(c), and amendments thereto. A certification of compliance with this section in the form and manner as prescribed by the state treasurer shall be required of the eligible lending institution.

New Sec. 14. The state of Kansas and the state treasurer shall not be liable to any eligible lending institution in any manner for payment of the principal or interest on any

economic recovery loan deposit loan to an eligible borrower. Any delay in payments or default on the part of an eligible borrower does not in any manner affect the economic recovery loan deposit agreement between the eligible lending institution and the state treasurer.

Sec. 15. Section 1 of 2021 Senate Bill No. 88 is hereby amended to read as follows:

Section 1. (a) Sections ~~4 15~~ through ~~6 20~~, and amendments thereto, shall be known and may be cited as the city utility low-interest loan program.

(b) The city utility low-interest loan program shall be a part of and supplemental to article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto.

Sec. 16. Section 2 of 2021 Senate Bill No. 88 is hereby amended to read as follows:

Section 2. As used in the city utility low-interest loan program:

(a) "City" means a city organized and existing under the laws of Kansas or a municipal energy agency as defined in K.S.A. 12-886, and amendments thereto;

(b) "director of investments" means the person appointed as the director of investments pursuant to K.S.A. 75-4222, and amendments thereto;

(c) "loan" means a deposit of unencumbered state funds to a city pursuant to the program; and

(d) "program" means the city utility low-interest loan program.

Sec. 17. Section 3 of 2021 Senate Bill No. 88 is hereby amended to read as follows:

Section 3. (a) (1) The state treasurer is hereby authorized to administer the city utility low-interest loan program. The state treasurer and any city are hereby authorized to enter into binding commitments for the provision and receipt of loans in accordance with the provisions of this program.

(2) The program shall be for the purpose of providing loans to cities for extraordinary electric or natural gas costs incurred during the extreme winter weather event of February 2021.

(3) (A) The total aggregate amount of loans under the program shall not exceed \$100,000,000 of unencumbered funds pursuant to article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto.

(B) On the effective date of this act, the state treasurer shall certify to the director of investments the amount of \$20,000,000 of unencumbered funds under the program. Upon receipt of such certification, the director of investments shall reinvest such certified amount in accordance with the Kansas extraordinary utility costs loan deposit program, sections 1 through 7, and amendments thereto.

(C) On June 1, 2021, the state treasurer shall certify to the director of investments the amount of any remaining unencumbered funds under the program. Upon receipt of such certification, the director of investments shall reinvest such certified amount in accordance with the Kansas extraordinary utility costs loan program, sections 1 through 7, and amendments thereto.

(4) Any loans received by a city under the provisions of the program shall be construed as bonds for the purposes of K.S.A. 10-1116, and amendments thereto.

(b) The state treasurer shall adopt all rules and regulations necessary to administer the provisions of the program including the development of a streamlined application process. Such rules and regulations shall be adopted not later than January 1, 2022, except that such streamlined application process shall be established within 14 days from ~~the effective date of this act~~ March 4, 2021. The adoption of such rules and regulations shall not be a prerequisite for the approval of loans by the state treasurer under the program. The state treasurer shall approve loans under the program in the most expeditious manner possible on or after ~~the effective date of this act~~ March 4, 2021.

(c) The state treasurer shall submit an annual report to the governor and the legislature

identifying the cities that are participating in the program. Such annual report shall provide the aggregate amount of moneys loaned ~~and the amount of moneys still available for loan, if any.~~ Such report shall be due on or before January 1, 2022, and each January 1 thereafter.

(d) The legislature shall perform a review of the program as part of the state treasurer's annual report on or after January 1, 2024.

Sec. 18. Section 4 of 2021 Senate Bill No. 88 is hereby amended to read as follows: Section 4. (a) The state treasurer is hereby authorized to disseminate information and to provide loan applications as soon as practicable on or after ~~the effective date of this act~~ March 4, 2021, to cities for participation in the program.

(b) A city shall forward to the state treasurer an application in the form and manner prescribed and approved by the state treasurer. The application shall include information regarding the amount of the loan requested by the city and such other information that the state treasurer may require, including, but not limited to, the specific fund or account of the city in which loan proceeds shall be deposited. Such application shall contain a certification by the governing body of the city that, if the city receives any federal moneys related to the extreme winter weather event of February 2021, the first priority for expenditure of such moneys shall be for the payment of any outstanding balance of a loan made to the city under the program.

(c) The loan shall be only for those extraordinary electric or natural gas costs incurred during the extreme winter weather event of February 2021, as certified by the governing body of the city, and not for any other utility costs previously budgeted for by the city.

(d) No loan shall be amortized for a period of more than 10 years. Payments on such loan ~~shall not be required to be made more frequently than annually but may be made more frequently~~ monthly, quarterly or semi-annually upon execution of an agreement between the city and the state treasurer.

(e) The state treasurer may create a lien against the city's utility revenue and surcharges to satisfy any outstanding loan balance. Any city that receives a loan under the program shall apply the proceeds of any lawsuit or restitution relating to the extraordinary electric or natural gas costs incurred during the extreme winter weather event of February 2021 to the payment of any outstanding loan balance.

(f) Not more than \$20,000,000 of loans shall be approved by the state treasurer under the program on and after the effective date of this act, and no loans shall be approved by the state treasurer under the program on and after June 1, 2021.

Sec. 19. Section 5 of 2021 Senate Bill No. 88 is hereby amended to read as follows:
Section 5. (a) The state treasurer may accept or reject an application based on the state treasurer's evaluation of whether the city meets the requirements of the program. If sufficient funds are not available for a loan, the applications may be considered in the order received when funds are once again available.

(b) Upon acceptance of an application, the state treasurer shall certify to the director of investments the amount required for such loan and the director of investments shall place a deposit of such certified amount with the specific fund or account of the city indicated in the loan application and approved by the state treasurer. The interest rate on a loan shall be 2% below the market rate as provided in K.S.A. 75-4237, and amendments thereto, and shall be recalculated on the first business day of January of each year using the market rate then in effect. The minimum interest rate shall be 0.25% if the market rate is below 2.25%. When necessary, the state treasurer may request the director of investments to place such deposit with the city prior to approval of an application.

(c)(1) The treasurer of each city shall remit to the state fiscal agent at least 20 days before the due date of a loan payment, payable at the office of the state treasurer as fiscal agent,

sufficient moneys for such loan payment. The treasurer of any city, in lieu of remitting such moneys to the state fiscal agent at such time, may provide the state fiscal agent with electronic fund transfer instructions on forms prescribed by the state treasurer that shall certify that there will be funds on deposit on the transaction date sufficient for the loan payment and that such funds will either reach the office of the state fiscal agent on or before 12 noon of the third working day before the due date of such loan payment or reach the office of the state fiscal agent on or before 12 noon of the first working day before the due date of such loan payment, if such funds are transferred to the state fiscal agent electronically. Upon receipt of such certification, the state fiscal agent shall file the same in the office of the state fiscal agent.

(2) When a city needs moneys that are in the county treasury to make a loan payment, the treasurer of such city shall make a written request of the county treasurer for the amount needed not later than 25 days prior to the due date of such loan payment. Not later than two days following the receipt of such request, the county treasurer shall forward to the treasurer of the city the amount requested, if the county treasurer has collected such moneys for such purpose. If the full amount of such a request is not in the county treasury, the county treasurer shall forward the portion that is in the county treasurer's possession for such purpose.

(3) When a county treasurer is charged with the collection of tax moneys for a city, the territory of which is in more than one county, such treasurer shall forward any such funds when collected to the proper county treasurer as soon as practical but not later than two days following receipt of a request from the county treasurer to whom they are to be forwarded.

(4) Failure to pay loan payment moneys when due is:

(A) Failure of a county treasurer to forward moneys in the county treasury when requested as provided in this section;

(B) failure of the treasurer of a city or any county treasurer to make timely request for

moneys as provided in this subsection; or

(C) failure of the treasurer of a city to make timely remittance of moneys for payment of loans under this program when such moneys are available for such remittance.

(5) Failure to pay loan payment moneys when due is a class C misdemeanor.

(d) All moneys received by the state treasurer from cities for payment of loans made under the program shall be deposited in the state treasury to the credit of the pooled money investment portfolio.

Sec. 20. Section 6 of 2021 Senate Bill No. 88 is hereby amended to read as follows: Section 6. (a) To the extent that any provisions of sections ~~4~~ 15 through ~~6~~ 20, and amendments thereto, conflict with the provisions of article 42 of chapter 75 of the Kansas Statutes Annotated, or any other provision of law, the provisions of sections ~~4~~ 15 through ~~6~~ 20, and amendments thereto, shall control.

(b) Any loan made to a city under the program shall not be considered bonded indebtedness for the purposes of K.S.A. 10-308, and amendments thereto, or any other statute imposing a limitation on indebtedness of a city.

Sec. 21. K.S.A. 10-130 is hereby amended to read as follows: 10-130. (a) The treasurer of each municipality shall remit to the state fiscal agent at least 20 days before the day of maturity of any bonds or the interest thereon, payable at the office of the state treasurer as fiscal agent, sufficient moneys for the redemption of such bonds and the payment of the interest thereon. The treasurer of any municipality, in lieu of remitting such moneys to the state fiscal agent at such time, may provide the state fiscal agent with ~~a certificate of a state or national bank or state or federally chartered savings and loan association that there are on deposit in such bank or savings and loan association, held in trust for such state fiscal agent, funds in the form of cash or securities of the United States government,~~ electronic fund transfer instructions on forms

prescribed by the state treasurer that shall certify that there will be funds on deposit on the transaction date sufficient for the redemption of such bonds or the payment of the interest thereon, and that such funds will either reach the office of the state fiscal agent on or before 12 ~~o'clock~~ noon of the third working day before the day of maturity of such bonds or the interest thereon or reach the office of the state fiscal agent on or before 12 ~~o'clock~~ noon of the first working day before the day of maturity of such bonds or the interest thereon, if such funds are transferred to the state fiscal agent electronically. Upon receipt of such ~~certificate~~ certification, the state fiscal agent shall file the same in the office of the state fiscal agent.

(b) When a municipality needs moneys that are in the county treasury to redeem any bonds or to pay the interest thereon, the treasurer of such municipality shall make a written request of the county treasurer for the amount needed not later than 25 days prior to the maturity date of the bonds or the interest thereon. Not later than two days following the receipt of such request the county treasurer shall forward to the treasurer of the municipality the amount requested, if the county treasurer has collected the same for such purpose. If the full amount of such a request is not in the county treasury, the county treasurer shall forward that portion that is in the county treasurer's possession for such purpose.

(c) When a county treasurer is charged with the collection of tax moneys for a municipality, the territory of which is in more than one county, such treasurer shall forward any such funds when collected to the proper county treasurer as soon as practical, or not later than two days following receipt of a request from the county treasurer to whom they are to be forwarded.

(d) Failure to pay bond moneys when due is any of the following:

(1) Failure of a county treasurer to forward moneys in the county treasury when requested as provided in this section; ~~or~~

(2) failure of the treasurer of a municipality or any county treasurer to make timely request for moneys as provided in this section; or

(3) failure of the treasurer of a municipality to make timely remittance of moneys for redemption of bonds or to pay the interest thereon, when such moneys are available for such remittance.

(e) Failure to pay bond or interest moneys when due is a class C misdemeanor.

Sec. 22. K.S.A. 75-4218 is hereby amended to read as follows: 75-4218. (a) All state bank accounts shall be secured as provided in this section.

The bank, savings bank or savings and loan association receiving or having a state bank account shall deposit, maintain, pledge, assign, and grant a security interest in, or cause its agent, trustee, wholly-owned subsidiary, or affiliate having identical ownership to deposit, maintain, pledge, assign, and grant a security interest in, for the benefit of the state of Kansas, in the manner provided in this act, securities owned by the depository bank directly or indirectly through its agent or trustee holding securities on its behalf, or owned by the depository bank's wholly-owned subsidiary or by such affiliate, the market value of which is equal to 100% of the amount of the account plus accrued interest, less that portion of the amount of the account plus accrued interest which is insured by the federal deposit insurance corporation or its successor.

(b) All securities securing state bank accounts shall be deposited in a securities account with a bank having the prior approval of the board, a credit union having the prior approval of the board, the federal home loan bank of Topeka or with the state treasurer pursuant to a written custodial agreement, and a receipt taken therefor with one copy going to the treasurer and one copy going to the bank, savings bank or savings and loan association which has secured such state bank account. The receipt shall identify the securities which are subject to a security interest to secure payment of the state bank account. This section shall not prohibit any custodial bank

receiving securities on deposit from issuing a receipt and depositing securities identified in the receipt in such bank's account with any bank chartered in Kansas or any other state, any trust company chartered in Kansas or any other state, any national bank, or any centralized securities depository wherever located within the United States. No securities securing state bank accounts shall be deposited in any bank, trust company or national bank which is owned directly or indirectly by any parent corporation of the depository bank, or with any bank, trust company, or national bank having common controlling shareholders, having a common majority of the board of directors or having common directors with the ability to control or influence directly or indirectly the acts or policies of the bank, savings and loan association or savings bank securing such state bank account. Any custodial bank which releases securities securing a state bank account without being authorized to do so under the custodial agreement shall be liable to the state for any loss to the state resulting therefrom.

(c) Securities securing state bank accounts may be deposited with the federal reserve bank of Kansas City to be there held in such manner, under regulations and operating letters of the federal reserve bank, as to secure payment of the state bank account in the depository bank.

(d) The depository bank, and any agent, trustee, wholly-owned subsidiary or affiliate having identical ownership granting a security interest shall enter into a written agreement with the state of Kansas granting the state of Kansas a security interest in the securities to secure payment of the state bank account. Such security interest shall be perfected by the depository bank and any agent, trustee, wholly-owned subsidiary or affiliate having identical ownership granting a security interest causing control of the securities under the Kansas uniform commercial code to be given to the state of Kansas. The security agreement and the custodial agreement shall be in writing, executed by all parties thereto, maintained as part of their official records, and, except for the state of Kansas, approved by their boards of directors or their loan

committees, which approvals shall be reflected in the minutes of the boards or committees.

Sec. 23. K.S.A. 75-4237, as amended by section 7 of 2021 Senate Bill No. 88, 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 and maturity. The director of investments is authorized to award the investment account to the 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 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 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 K.S.A. 75-4209(a), 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. 2-3703 through 2-3707, and amendments thereto, shall be at an interest rate that is 2% less than the market rate determined under this section and that 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. 75-4268 through 75-4274, and amendments thereto, shall be at an interest rate that is 2% less than the market rate provided by this section and that shall be recalculated on the first business day of each calendar year using the market rate then in

effect.

(3) Notwithstanding the provisions of this section, loan deposits made pursuant to the city utility low-interest loan program shall be at an interest rate that is 2% less than the market rate provided by this section and that shall be recalculated on the first business day of each calendar year using the market rate then in effect.

(4) Notwithstanding the provisions of this section, economic recovery loan deposits made pursuant to the Kansas economic recovery loan deposit program shall be at an interest rate that is 2% less than the market rate provided by this section and that shall be recalculated on the first business day of each calendar year using the market rate then in effect.

(5) Notwithstanding the provisions of this section, extraordinary utility costs loan deposits made pursuant to the Kansas extraordinary utility costs loan deposit program shall be at an interest rate that is 2% less than the market rate provided by this section and that shall be recalculated on the first business day of each calendar year using the market rate then in effect.

(d) (1) The director of investments may place deposits through a selected bank, savings and loan association or savings bank that is part of a reciprocal deposit program in which the bank, savings and loan association or savings bank:

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

(B) for which the total cumulative amount of each deposit does not exceed the maximum deposit insurance amount for one depositor at one financial institution as determined by the federal deposit insurance corporation.

(2) Such deposits shall not be treated as securities and need not be secured as provided in this or any other act, except that such deposits shall be secured as provided in K.S.A. 75-4218,

and amendments thereto, when they are held by the selected financial institution prior to placement with reciprocal institutions or upon maturity.

(e) The pooled money investment board shall establish procedures for administering reciprocal deposit programs in its investment policies, as authorized by K.S.A. 75-4232, and amendments thereto.

Sec. 24. K.S.A. 10-130, 75-4218 and 75-4237, as amended by section 7 of 2021 Senate Bill No. 88, and section 1 of 2021 Senate Bill No. 88, section 2 of 2021 Senate Bill No. 88, section 3 of 2021 Senate Bill No. 88, section 4 of 2021 Senate Bill No. 88, section 5 of 2021 Senate Bill No. 88 and section 6 of 2021 Senate Bill No. 88 are hereby repealed.

Sec. 25. On July 1, 2021, K.S.A. 75-4237, as amended by section 9 of 2021 Senate Bill No. 15, and section 1 of 2021 Senate Bill No. 15, section 2 of 2021 Senate Bill No. 15, section 3 of 2021 Senate Bill No. 15, section 4 of 2021 Senate Bill No. 15, section 5 of 2021 Senate Bill No. 15, section 6 of 2021 Senate Bill No. 15 and section 7 of 2021 Senate Bill No. 15 are hereby repealed.";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking all after "concerning"; by striking all in lines 2 and 3; in line 4, by striking all before the period and inserting "the state treasurer; relating to certain programs under the administration thereof; city utility low-interest loan program; providing for electronic repayment of loans; cash basis exception; payment frequency; loan security; ending date for making loans; establishing the Kansas extraordinary utility costs loan deposit program; Kansas economic recovery loan deposit program; amending K.S.A. 10-130, 75-4218 and 75-4237, as amended by section 7 of 2021 Senate Bill No. 88, and section 1 of 2021 Senate Bill No. 88, section 2 of 2021 Senate Bill No. 88, section 3 of 2021 Senate Bill No. 88, section 4 of 2021 Senate Bill No. 88, section 5 of 2021 Senate Bill No. 88 and section 6 of 2021

Senate Bill No. 88 and repealing the existing sections; also repealing K.S.A. 75-4237, as amended by section 9 of 2021 Senate Bill No. 15, and section 1 of 2021 Senate Bill No. 15, section 2 of 2021 Senate Bill No. 15, section 3 of 2021 Senate Bill No. 15, section 4 of 2021 Senate Bill No. 15, section 5 of 2021 Senate Bill No. 15, section 6 of 2021 Senate Bill No. 15 and section 7 of 2021 Senate Bill No. 15";

And your committee on conference recommends the adoption of this report.

Conferees on part of House

Conferees on part of Senate