

## REPORTS OF STANDING COMMITTEES

MADAM PRESIDENT:

The Committee on **Ways and Means** recommends **HB 2419**, as amended by House Committee of the Whole, be amended on page 1, in line 10, by striking "actual estimated" and inserting "individual income"; in line 11, by striking "estimated" and inserting "individual income"; in line 18, by striking all after "the"; by striking all in lines 19 through 20; in line 21, by striking all before the period and inserting "pooled money investment portfolio to pay in full or in part the amounts to be transferred pursuant to K.S.A. 75-4209(m)(2) and (m)(4), and amendments thereto. Any moneys transferred to the pooled money investment portfolio pursuant to this section shall be credited to the payment to be made in the current fiscal year, and each next ensuing fiscal year thereafter as moneys are available. Upon the payment in full of all transfers authorized by K.S.A. 75-4209(m)(2) and (m)(4), and amendments thereto, 100% of such certified excess amount, if any, shall be transferred from the state general fund to the budget stabilization fund";

Also on page 1, in line 24, after "fund" by inserting "or pooled money investment portfolio"; in line 25, by striking "actual"; in line 26, by striking the first "estimated" and inserting "individual income"; also in line 26, by striking the second "estimated" and inserting "individual income"; in line 28, by striking "actual estimated" and inserting "individual income"; in line 30, by striking "actual estimated" and inserting "individual income"; in line 32, by striking all after "legislation"; in line 33, by striking "governor" and inserting "passed by the legislature and enacted into law"; in line 34, by striking "actual estimated" and inserting "individual income";

On page 2, in line 3, by striking all after "(1)"; by striking all in line 4 and inserting ""Individual income tax revenue receipts" means individual estimated tax payments received pursuant to K.S.A. 79-32,101(a)(1), and amendments thereto, and individual tax payments due pursuant to K.S.A. 79-3225, and amendments thereto. Actual individual income tax payments shall not include refunds or withholding taxes pursuant to K.S.A. 79-3294 et seq., and amendments thereto; and";

Also on page 2 in line 9, by striking "; and"; , by striking all in lines 10 through 15; in line 16, by striking all before the period;

On page 3, following line 25, by inserting:

"Sec. 2. K.S.A. 2017 Supp. 75-4209 is hereby amended to read as follows: 75-4209. (a) The director of investments may invest and reinvest state moneys eligible for investment which are not invested in accordance with K.S.A. 75-4237, and amendments thereto, in the following investments:

(1) Direct obligations of, or obligations that are insured as to principal and interest by, the United States of America or any agency thereof and obligations and securities of the United States sponsored enterprises which under federal law may be accepted as security for public funds, on and after the effective date of this act moneys available for investment under this subsection shall not be invested in mortgage-backed securities of such enterprises and of the government national mortgage association, except that any such mortgage-backed securities held prior to the effective date of this act may be held to maturity;

(2) repurchase agreements with a bank or a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof and obligations and securities of United States government sponsored enterprises which under federal law may be accepted as security for public funds;

(3) commercial paper that does not exceed 270 days to maturity and which has received one

of the two highest commercial paper credit ratings by a nationally recognized investment rating firm;  
and

(4) corporate bonds which have received one of the two highest ratings by a nationally recognized investment rating firm.

(b) When moneys are available for deposit or investments, the director of investments may invest in SKILL act projects and bonds pursuant to K.S.A. 74-8920, and amendments thereto, and in state agency bonds and bond projects.

(c) When moneys are available for deposits or investments, the director of investments may invest in preferred stock of Kansas venture capital, inc., under terms and conditions prescribed by K.S.A. 74-8203, and amendments thereto, but such investments shall not in the aggregate exceed a total amount of \$10,000,000.

(d) When moneys are available for deposits or investments, the director of investments may invest in loans pursuant to legislative mandates, except that not more than the greater of 10% or \$140,000,000 of the state moneys shall be invested. The provisions of this subsection shall not apply to the provisions of subsection (m).

(e) Interest on investment accounts in banks is to be paid at maturity, but not less than annually.

(f) Investments made by the director of investments under the provisions of this section shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

(g) Investments under subsection (a) or (b) or under K.S.A. 75-4237, and amendments thereto, shall be for a period not to exceed four years, except that linked deposits authorized under the

provisions of K.S.A. 2-3703 through 2-3707, and amendments thereto, shall not exceed a period of 10 years; agricultural production loan deposits authorized under the provisions of K.S.A. 2017 Supp. 75-4268 through 75-4274, and amendments thereto, shall not exceed a period of eight years and housing loan deposits authorized under K.S.A. 2017 Supp. 75-4276 through 75-4282, and amendments thereto, shall not exceed a period of five years or 20 years, as applicable pursuant to K.S.A. 2017 Supp. 75-4279, and amendments thereto.

(h) Investments in securities under subsection (a)(1) shall be limited to securities which do not have any more interest rate risk than do direct United States government obligations of similar maturities. For purposes of this subsection, "interest rate risk" means market value changes due to changes in current interest rates.

(i) The director of investments shall not invest state moneys eligible for investment under subsection (a), in the municipal investment pool fund, created under K.S.A. 12-1677a, and amendments thereto.

(j) The director of investments shall not invest moneys in the pooled money investment portfolio in derivatives. As used in this subsection, "derivatives" means a financial contract whose value depends on the value of an underlying asset or index of asset values.

(k) Moneys and investments in the pooled money investment portfolio shall be invested and reinvested by the director of investments in accordance with investment policies developed, approved, published and updated on an annual basis by the board. Such investment policies shall include at a minimum guidelines which identify credit standards, eligible instruments, allowable maturity ranges, methods for valuing the portfolio, calculating earnings and yields and limits on portfolio concentration for each type of investment. Any changes in such investment policies shall be approved by the pooled money investment board. Such investment policies may specify the contents of reports, methods of crediting funds and accounts and other operating procedures.

(l) The board shall adopt rules and regulations to establish an overall percentage limitation on the investment of moneys in investments authorized under subsection (a)(3), and within such authorized investment, the board shall establish a percentage limitation on the investment in any single business entity.

(m) (1) During the fiscal year ending June 30, 2017, the director of the budget shall estimate on or before June 27, 2017, the amount of the unencumbered ending balance in the state general fund for fiscal year 2017. If the amount of such unencumbered ending balance in the state general fund is less than \$50,000,000, the director of the budget shall certify the difference between \$50,000,000, and the amount of such unencumbered ending balance to the pooled money investment board. Upon the liquidation of all investments and reinvestments of state moneys pursuant to K.S.A. 2017 Supp. 75-2263(j), and amendments thereto, and upon receipt of such certification by the director of the budget, during the fiscal year ending June 30, 2017, the pooled money investment board shall authorize the director of accounts and reports to transfer an amount equal to the amount certified by the director of the budget pursuant to this subsection from the pooled money investment portfolio to the state general fund. Upon receipt of such authorization, the director of accounts and reports shall make such transfer. The chairperson of the pooled money investment board shall transmit a copy of such authorization to the director of legislative research and the director of the budget.

(2) On or before June 30, 2019, June 30, 2020, June 30, 2021, June 30, 2022, June 30, 2023, and June 30, 2024, the director of accounts and reports shall transfer an amount equal to 1/6 of the amount transferred pursuant to subsection (m)(1) from the state general fund to the pooled money investment portfolio. Any transfer made pursuant to this paragraph shall be reduced by the amount of moneys credited to any fiscal year payment pursuant to section 1, and amendments thereto.

(3) During the fiscal year ending June 30, 2018, after any transfer made pursuant to subsection (m)(1), the pooled money investment board shall authorize the director of accounts and

reports to transfer the remaining amount of all investments and reinvestments of state moneys liquidated pursuant to K.S.A. 2017 Supp. 75-2263(j), and amendments thereto, from the pooled money investment portfolio to the state general fund. Upon receipt of such authorization, the director of accounts and reports shall make such transfer. The chairperson of the pooled money investment board shall transmit a copy of such authorization to the director of legislative research and the director of the budget.

(4) On or before June 30, 2019, June 30, 2020, June 30, 2021, June 30, 2022, June 30, 2023, and June 30, 2024, the director of accounts and reports shall transfer an amount equal to 1/6 of the amount transferred pursuant to subsection (m)(3) from the state general fund to the pooled money investment portfolio. Any transfer made pursuant to this paragraph shall be reduced by the amount of moneys credited to any fiscal year payment pursuant to section 1, and amendments thereto.";

On page 4, in line 38, after "Supp." by inserting "75-4209 and"; also in line 38, by striking "is" and inserting "are";

And by renumbering sections accordingly;

On page 1, in the title, in line 2, by striking all after "the"; in line 3, by striking all before semicolon and inserting "pooled money investment portfolio"; also in line 3, after "Supp." by inserting "75-4209 and"; in line 4, by striking "section" and inserting "sections"; and the bill be passed as amended.

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Chairperson