



STATE OF KANSAS

Office of the Attorney General

1st Floor, State Capitol Bldg. (913) 296-2215 Topeka, Kansas 66612

Curt T. Schneider,
Attorney General

July 1, 1976

ATTORNEY GENERAL OPINION NO. 76-198

Mr. Mickey C. Moorman
Assistant County Attorney
Labette County Courthouse
Oswego, Kansas 67356

Re: Public Funds--Investments--Security

Synopsis: The reduced security requirements of K.S.A. 9-1403 apply to all deposits of public moneys, including not only active accounts but moneys deposited in interest-bearing investments under K.S.A. 1975 Supp. 12-1675.

* * *

Dear Mr. Moorman:

K.S.A. 9-1403 states in pertinent part thus:

"During the periods of peak deposits occurring at tax paying time and tax distributing time and continuing for a period of not to exceed sixty continuous days at any given time and not to exceed one hundred twenty days in any calendar year the amount of security for the deposit of public moneys as herein elsewhere required shall be reduced by one-half in amount thereof."

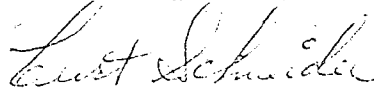
You inquire whether, during the tax-paying and tax-distributing periods covered by this provision, the securities which are required to be deposited to secure moneys invested with commercial banks and trust companies are reduced to one-half of the amounts required by K.S.A. 9-1403.

Mr. Mickey C. Moorman
Page Two
July 1, 1976

K.S.A. 9-1402 has historically been construed to state the security requirements applicable not only to deposits of active funds, but also to investments of idle or inactive funds which are deposited with a bank or trust company for investment in certificates of deposit or time deposit, open accounts. K.S.A. 9-1403 was designed to relieve the depository banks from the extraordinary security requirements which would otherwise result due to the peak deposits at tax-paying time. The "peak deposits" to which K.S.A. 9-1403 refers, in my judgment, include all deposits, *i.e.*, deposits of active funds as well as deposits of idle or inactive funds for investment purposes. I find no reason to distinguish between kinds of deposit involved. Tax collections result in extraordinary high deposits for short periods of time, whether held unproductively in active accounts or whether deposits in interest-bearing investments. The securities required to secure the funds would increase sharply, in either event, and nothing in K.S.A. 9-1403 suggests that the reduced security requirements it permits does not apply to deposits of public moneys for investment purposes.

Accordingly, it is my opinion that the reduced security requirements of K.S.A. 9-1403 apply to the deposits of public moneys both in active accounts and in interest-bearing investments.

Yours very truly,



CURT T. SCHNEIDER
Attorney General

CTS:JRM:kj