

**HOUSE BILL No. 2426**

By Committee on Appropriations

3-1

1 AN ACT concerning municipalities; authorizing municipalities to issue  
2 bonds and warrants in excess of current revenue in the case of declared  
3 emergencies; increasing the maximum allowed bond interest rate;  
4 changing the source of bond yield information; amending K.S.A. 2020  
5 Supp. 10-1009 and repealing the existing section.

6  
7 *Be it enacted by the Legislature of the State of Kansas:*

8 New Section 1. Municipalities, as defined in K.S.A. 10-101, and  
9 amendments thereto, are hereby authorized to issue interest-bearing no-  
10 fund warrants or bonds in an amount not to exceed actual or expected  
11 expenses in excess of current revenues when such municipality has  
12 encumbered or expects to encumber expenses in excess of current  
13 revenues if:

14 (a) Such expenses were caused by or are a result of a federal, state or  
15 local emergency, including, but not limited to, a financial, public health or  
16 disaster emergency, declared by a federal, state or local official;

17 (b) such municipality declared an extraordinary emergency by  
18 resolution adopted by the governing body of the municipality, and such  
19 resolution was published at least once in a newspaper of general  
20 circulation in such municipality; and

21 (c) such warrants or bonds shall be redeemed within 10 years from  
22 the date of issuance and shall bear interest at a rate not to exceed the  
23 maximum rate of interest prescribed by K.S.A. 10-1009, and amendments  
24 thereto.

25 New Sec. 2. (a) Whenever no-fund warrants or general obligation  
26 bonds are issued under the authority of section 1, and amendments  
27 thereto, the municipality each year shall make a tax levy, in addition to all  
28 other tax levies authorized to be made by such municipality, sufficient to  
29 pay not less than the total amount of all warrants or bonds issued under  
30 section 1, and amendments thereto, to become due in such year and the  
31 interest thereon on all warrants or bonds issued under section 1, and  
32 amendments thereto, until the amount of such warrants or bonds and the  
33 interest thereon has been paid. In addition to such tax levies, the  
34 municipality may pledge revenues from sales of service of a utility, sales  
35 or use tax revenues, grants in aid or any other revenues identified by the  
36 municipality for repayment of such warrants or bonds.

1 (b) Alternatively, such warrants or bonds may be special obligations  
2 payable from revenues from sales of service of a utility, sales or use tax  
3 revenues, grants in aid or any other revenues identified by the municipality  
4 for repayment of such warrants or bonds.

5 (c) Any warrants or bonds issued under the authority of section 1, and  
6 amendments thereto, shall be exempt from the statutory limitations of  
7 bonded indebtedness in K.S.A. 10-307 and 10-308, and amendments  
8 thereto, or in any other statute. Such warrants or bonds shall not be  
9 included in computing the total bonded indebtedness of the municipality  
10 for the purpose of applying any statute limiting the bonded indebtedness of  
11 the municipality.

12 Sec. 3. K.S.A. 2020 Supp. 10-1009 is hereby amended to read as  
13 follows: 10-1009. (a) The maximum stated rate of interest ~~which that~~ may  
14 be fixed on fixed-rate bonds issued by a municipality or taxing subdivision  
15 of the state of Kansas shall be determined on the day the bonds are sold  
16 and shall not exceed the daily yield for the ten-year treasury bonds  
17 published ~~by The Bond Buyer, in New York, New York, on the official~~  
18 ~~website of the United States department of the treasury on the Monday~~  
19 ~~next last business day of the week immediately~~ preceding the day on which  
20 the bonds are sold, plus: (1) ~~three percent~~ 6%, if the interest on the bonds  
21 is excluded from gross income for federal income tax purposes; or (2) ~~four~~  
22 ~~percent~~ 7%, if the interest on the bonds is included in gross income for  
23 federal income tax purposes.

24 (b) The maximum stated rate of interest ~~which that~~ may be fixed on  
25 variable-rate bonds issued by a municipality or taxing subdivision of the  
26 state of Kansas shall be determined on the date on which the rate is  
27 determined in accordance with the resolution or ordinance of the issuer  
28 and shall not exceed the daily yield for the ten-year treasury bonds  
29 published ~~by The Bond Buyer, in New York, New York, on the official~~  
30 ~~website of the United States department of the treasury on the Monday~~  
31 ~~next last business day of the week immediately~~ preceding such date, plus:  
32 (1) ~~three percent~~ 6%, if the interest on the bonds is excluded from gross  
33 income for federal income tax purposes; or (2) ~~four percent~~ 7%, if the  
34 interest on the bonds is included in gross income for federal income tax  
35 purposes.

36 (c) Except as provided for variable-rate bonds, the maximum rate of  
37 interest specified in this section shall be applicable to bonds issued after  
38 the effective date of this act. The maximum rate of interest on variable-rate  
39 bonds issued prior to the effective date of this act shall be the higher of:  
40 (1) The maximum rate of interest specified by subsection (a) or (b) ~~of this~~  
41 ~~section~~, as in effect prior to the effective date of this act; (2) the maximum  
42 rate of interest specified in this section; or (3) the rate for such variable-  
43 rate bonds specified in the documents authorizing the issuance thereof.

1       ~~(d) Notwithstanding the foregoing, for the period from the effective~~  
2 ~~date of this act until and including June 30, 2017, the maximum stated rate~~  
3 ~~of interest which may be fixed on fixed-rate or variable-rate bonds issued~~  
4 ~~by a municipality or taxing subdivision of the state of Kansas shall be~~  
5 ~~determined on the day the bonds are sold and shall not exceed the daily~~  
6 ~~yield for the ten-year treasury bonds published by The Bond Buyer, in~~  
7 ~~New York, New York, on the Monday next preceeding the day on which the~~  
8 ~~bonds are sold, plus (1) 6%, if the interest on the bonds is excluded from~~  
9 ~~gross income for federal income tax purposes or (2) 7%, if the interest on~~  
10 ~~the bonds is included in gross income for federal income tax purposes.~~

11       Sec. 4. K.S.A. 2020 Supp. 10-1009 is hereby repealed.

12       Sec. 5. This act shall take effect and be in force from and after its  
13 publication in the Kansas register.