

HOUSE BILL No. 2588

By Committee on Energy and Utilities

1-31

1 AN ACT concerning water; relating to debt authorization for water
2 districts; amending K.S.A. 19-3553 and K.S.A. 2011 Supp. 82a-619
3 and repealing the existing sections.

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5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 19-3553 is hereby amended to read as follows: 19-
7 3553. (a) The governing body on behalf of the district may issue and sell
8 revenue bonds *for the following purposes:*

9 (1) To finance the cost of acquisition, construction, reconstruction,
10 alteration, repair, improvement, extension or enlargement of the water
11 supply system- ; *or*

12 (2) *to refund any outstanding revenue bonds or warrants or to refund*
13 *any notes or loans payable to the department of health and environment,*
14 *to the United States department of agriculture or otherwise.*

15 Such revenue bonds are hereby made a lien on the water supply system
16 and on the revenues produced from such water supply system, but shall not
17 be general obligations of the public agencies participating in the
18 agreement. All revenue bonds issued under this act shall be signed by the
19 president of the governing body of the district and attested by the secretary
20 of the governing body of the district and shall contain recitals stating the
21 authority under which such bonds are issued and that they are to be paid
22 by the district from the net revenue derived from the operation of the water
23 supply system and not from any other fund or source and that ~~said~~ *such*
24 bonds are negotiable. All such bonds shall be registered in the office of
25 the county clerk of each county wherein such district is located and in the
26 office of the state treasurer and when so registered and issued shall import
27 absolute verity, and shall be conclusive in favor of all persons purchasing
28 such bonds, that all proceedings and conditions precedent have been had
29 and performed to authorize the issuance thereof. The provisions of K.S.A.
30 10-112 , *and amendments thereto*, shall not apply to any bonds issued
31 under this act.

32 (b) Revenue bonds issued under this act shall have all of the qualities
33 and incidents of negotiable instruments, shall mature serially over a period
34 beginning not later than five (~~5~~) years after the date of the bonds and
35 ending not later than ~~forty~~ (~~40~~) years after such date and shall bear interest
36 at a rate not exceeding the maximum rate of interest prescribed by K.S.A.

1 10-1009 , *and amendments thereto*. Such bonds may be in such
2 denominations, may be in such form, may carry such registration and
3 conversion privileges, may be executed in such manner, may be payable in
4 such medium of payment and may be subject to such terms of redemption,
5 with or without premium, as may be provided by resolution of the
6 governing body. In no case shall the total amount of bonds issued
7 hereunder be in excess of the actual cost of the plan or program which
8 shall include, in addition to all expenses incurred in acquiring,
9 constructing, or improving the water supply system, all no-fund warrants
10 issued under the provisions of K.S.A. 19-3554 , *and amendments thereto*,
11 and unpaid at the time ~~said~~ *such* revenue bonds are issued. No water
12 district or county in which the water district lies shall have any right or
13 authority to levy taxes to pay any of the principal or interest on any such
14 bonds or any judgment against the issuing water district on account
15 thereof, and the provision of K.S.A. 10-113 , *and amendments thereto*,
16 shall not apply to any bonds issued hereunder.

17 (c) The governing body shall by appropriate resolution make
18 provisions for the payment of ~~said~~ *such* bonds by fixing rates, fees and
19 charges, for the use of all services rendered by such water district, which
20 rates, fees and charges shall be sufficient to pay the costs of operation,
21 improvement and maintenance of the water supply system, to provide an
22 adequate depreciation fund, provide an adequate sinking fund to retire ~~said~~
23 *such* bonds and pay interest thereon when due, and to create reasonable
24 reserves for such purposes. ~~Said~~ *Such* fees, rates or charges shall be
25 sufficient to allow for miscellaneous and emergency or unforeseen
26 expenses. The resolution of the governing body authorizing the issuance
27 of revenue bonds may include agreements, covenants or restrictions
28 deemed necessary or advisable by the governing body to effect the
29 efficient operation of the system and to safeguard the interests of the
30 holders of the revenue bonds and to secure the payment of the bonds and
31 the interest thereon.

32 Sec. 2. K.S.A. 2011 Supp. 82a-619 is hereby amended to read as
33 follows: 82a-619. Every district incorporated under this act shall have
34 perpetual succession, subject to dissolution or consolidation pursuant to
35 law and shall have the power to:

- 36 (a) Exercise eminent domain within the boundaries of such district;
- 37 (b) sue and be sued;
- 38 (c) contract;
- 39 (d) hold real and personal property acquired by will, gift, purchase, or
40 otherwise, as authorized by law;
- 41 (e) construct, install, maintain and operate such ponds, reservoirs,
42 pipelines, wells, check dams, pumping installations or other facilities for
43 the storage, transportation or utilization of water and such appurtenant

1 structures and equipment necessary to carry out the purposes of its
2 organization;

3 (f) contract with cities or counties, or both, to operate and maintain
4 state-permitted wastewater treatment works, systems and other facilities
5 relating to the treatment of wastewater within the boundaries of the
6 district;

7 (g) cooperate with and enter into agreements with the secretary of the
8 United States department of agriculture or the secretary's duly authorized
9 representative necessary to carry out the purposes of its organization; and
10 to accept financial or other aid which the secretary of the United States
11 department of agriculture is empowered to give pursuant to ~~16 U.S.C.A.,~~
12 ~~secs. 590r, 590s, 590x-1, 590x-a and 590x-3, and amendments thereto~~ 7
13 *U.S.C. § 1921, et seq., as in effect on the effective date of this act;*

14 (h) acquire loans for the financing of up to 95% of the cost of the
15 construction or purchase of any project or projects necessary to carry out
16 the purposes for which such district was organized and to execute notes
17 and mortgages in evidence thereof with interest, or combined interest and
18 mortgage insurance charges, which shall not exceed 13%, except that for
19 purposes of interim financing, interest or combined interest and mortgage
20 insurance charges shall not exceed 14%. Any district shall have the same
21 power to acquire loans *or to issue revenue bonds pursuant to K.S.A. 82a-*
22 *625, and amendments thereto*, for the refinancing of up to 95% of the
23 original cost of any such project or projects. The balance of the cost of
24 construction shall be acquired by subscription, donation, gift or otherwise
25 than through the medium of loans, except that in the case of cooperative
26 corporations and corporations not for profit being converted to water
27 districts as provided for in K.S.A. 82a-631 to 82a-635, inclusive, and
28 amendments thereto, the district may assume 100% of the indebtedness of
29 the corporation, providing the corporation originally raised at least 10% of
30 the construction cost by means otherwise than through the medium of
31 loans. Any such loan may be secured by any or all of the physical assets
32 owned by the district, including easements and rights-of-way, except that
33 no district organized under this act shall have any power or authority to
34 levy any taxes.

35 Sec. 3. K.S.A. 19-3553 and K.S.A. 2011 Supp. 82a-619 are hereby
36 repealed.

37 Sec. 4. This act shall take effect and be in force from and after its
38 publication in the statute book.

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