

House Substitute for SENATE BILL No. 88

AN ACT concerning cities; establishing the city utility low-interest loan program; allowing cities to apply to the state treasurer for loans from state unencumbered funds for extraordinary electric or natural gas costs incurred during the extreme winter weather event of February 2021; amending K.S.A. 75-4237 and repealing the existing section.

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

New Section 1. (a) Sections 1 through 6, 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.

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

(a) "City" means a city organized and existing under the laws of Kansas;

(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.

New Sec. 3. (a) (1) The state treasurer is hereby authorized to administer the city utility low-interest loan 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) 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) 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. 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.

(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.

New Sec. 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 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 upon agreement between the city and the state treasurer.

New Sec. 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) 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.

New Sec. 6. (a) To the extent that any provisions of sections 1 through 6, 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 1 through 6, 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. 7. K.S.A. 75-4237 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 ~~subsection (a)~~ of 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 ~~which that~~ is 2% less than the market rate determined under this section and ~~which 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 ~~which 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.*

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

(~~1~~)(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

(~~2~~)(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. 8. K.S.A. 75-4237 is hereby repealed.

Sec. 9. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the SENATE, and passed that body

SENATE concurred in
HOUSE amendments _____

President of the Senate.

Secretary of the Senate.

Passed the HOUSE
as amended _____

Speaker of the House.

Chief Clerk of the House.

APPROVED _____

Governor.