

## HOUSE BILL No. 2712

By Committee on Utilities

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AN ACT concerning the Kansas development finance authority; authorizing issuance of bonds for certain purposes; amending K.S.A. 2001 Supp. 74-8905 and repealing the existing section.

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

Section 1. K.S.A. 2001 Supp. 74-8905 is hereby amended to read as follows: 74-8905. (a) The authority may issue bonds, either for a specific activity or on a pooled basis for a series of related or unrelated activities or projects duly authorized by a political subdivision or group of political subdivisions of the state in amounts determined by the authority for the purpose of financing projects of statewide as well as local importance as defined pursuant to K.S.A. 12-1744, and amendments thereto, capital improvement facilities, educational facilities, health care facilities and housing developments. Nothing in this act shall be construed to authorize the authority to issue bonds or use the proceeds thereof to:

(1) Purchase, condemn or otherwise acquire a utility plant or distribution system owned or operated by a regulated public utility;

(2) finance any capital improvement facilities, educational facilities or health care facilities which may be financed by the issuance of general obligation or utility revenue bonds of a political subdivision, except that the acquisition by the authority of general obligation or utility revenue bonds issued by political subdivisions with the proceeds of pooled bonds shall not violate the provisions of the foregoing; or

(3) purchase, acquire, construct, reconstruct, improve, equip, furnish, repair, enlarge or remodel property for any swine production facility on agricultural land which is owned, acquired, obtained or leased by a corporation, limited liability company, limited partnership, corporate partnership or trust.

Nothing in this subsection (a) shall prohibit the issuance of bonds by the authority when any statute specifically authorizes the issuance of bonds by the authority or approves any activity or project of a state agency for purposes of authorizing any such issuance of bonds in accordance with this section and provides an exemption from the provisions of this subsection (a).

(b) The authority may issue bonds for activities and projects of state

1 agencies as requested by the secretary of administration. No bonds may  
2 be issued pursuant to this act for any activity or project of a state agency  
3 unless the activity or project either has been approved by an appropriation  
4 or other act of the legislature or has been approved by the state finance  
5 council acting on this matter which is hereby characterized as a matter  
6 of legislative delegation and subject to the guidelines prescribed in sub-  
7 section (c) of K.S.A. 75-3711c, and amendments thereto. When requested  
8 to do so by the secretary of administration, the authority may issue bonds  
9 for the purpose of refunding, whether at maturity or in advance of ma-  
10 turity, any outstanding bonded indebtedness of any state agency. The  
11 revenues of any state agency which are pledged as security for any bonds  
12 of such state agency which are refunded by refunding bonds of the au-  
13 thority may be pledged to the authority as security for the refunding  
14 bonds.

15 (c) The authority may issue bonds for the purpose of financing in-  
16 dustrial enterprises, agricultural business enterprises, educational facili-  
17 ties, health care facilities and housing developments, or any combination  
18 of such facilities, or any interest in facilities, including without limitation  
19 leasehold interests in and mortgages on such facilities. No less than 30  
20 days prior to the issuance of any bonds authorized under this act with  
21 respect to any project or activity which is to be undertaken for the direct  
22 benefit of any person or entity which is not a state agency or a political  
23 subdivision, written notice of the intention of the authority to provide  
24 financing and issue bonds therefor shall be given by the president of the  
25 authority to the governing body of the city in which the project or activity  
26 is to be located. If the project or activity is not proposed to be located  
27 within a city, such notice shall be given to the governing body of the  
28 county. No bonds for the financing of the project or activity shall be issued  
29 by the authority for a one-year period if, within 15 days after the giving  
30 of such notice, the governing body of the political subdivision in which  
31 the project or activity is proposed to be located shall have adopted an  
32 ordinance or resolution stating express disapproval of the project or ac-  
33 tivity and shall have notified the president of the authority of such  
34 disapproval.

35 (d) The authority may issue bonds for the purpose of establishing and  
36 funding one or more series of venture capital funds in such principal  
37 amounts, at such interest rates, in such maturities, with such security, and  
38 upon such other terms and in such manner as is approved by resolution  
39 of the authority. The proceeds of such bonds not placed in a venture  
40 capital fund or used to pay or reimburse organizational, offering and ad-  
41 ministrative expenses and fees necessary to the issuance and sale of such  
42 bonds shall be invested and reinvested in such securities and other in-  
43 struments as shall be provided in the resolution under which such bonds

1 are issued. Moneys in a venture capital fund shall be used to make venture  
2 capital investments in new, expanding or developing businesses, includ-  
3 ing, but not limited to, equity and debt securities, warrants, options and  
4 other rights to acquire such securities, subject to the provisions of the  
5 resolution of the authority. The authority shall establish an investment  
6 policy with respect to the investment of the funds in a venture capital  
7 fund not inconsistent with the purposes of this act. The authority shall  
8 enter into an agreement with a management company experienced in  
9 venture capital investments to manage and administer each venture cap-  
10 ital fund upon terms not inconsistent with the purposes of this act and  
11 such investment policy. The authority may establish an advisory board to  
12 provide advice and consulting assistance to the authority and the man-  
13 agement company with respect to the management and administration of  
14 each venture capital fund and the establishment of its investment policy.  
15 All fees and expenses incurred in the management and administration of  
16 a venture capital fund not paid or reimbursed out of the proceeds of the  
17 bonds issued by the authority shall be paid or reimbursed out of such  
18 venture capital fund.

19 (e) The authority may issue bonds in one or more series for the pur-  
20 pose of financing a project of statewide as well as local importance in  
21 connection with a redevelopment plan that is approved by the authority  
22 in accordance with K.S.A. 2001 Supp. 74-8921 and 74-8922, and amend-  
23 ments thereto.

24 (f) After receiving and approving the feasibility study required pur-  
25 suant to K.S.A. 2001 Supp. 74-8936, and amendments thereto, the au-  
26 thority may issue bonds in one or more series for the purpose of financing  
27 a multi-sport athletic project in accordance with K.S.A. 2001 Supp. 74-  
28 8936 through 74-8938, and amendments thereto. If the project is to be  
29 constructed in phases, a similar feasibility study shall be performed prior  
30 to issuing bonds for the purpose of financing each subsequent phase.

31 (g) The authority may issue bonds for the purpose of financing resort  
32 facilities, as defined in subsection (a) of K.S.A. 32-867, and amendments  
33 thereto, in an amount or amounts not to exceed \$30,000,000 for any one  
34 resort. The bonds and the interest thereon shall be payable solely from  
35 revenues of the resort and shall not be deemed to be an obligation or  
36 indebtedness of the state within the meaning of section 6 of article 11 of  
37 the constitution of the state of Kansas. The authority may contract with  
38 a subsidiary corporation formed pursuant to subsection (v) of K.S.A. 74-  
39 8904, and amendments thereto, or others to lease or operate such resort.  
40 The provisions of K.S.A. 32-867, 32-868, 32-870 through 32-873 and 32-  
41 874a through 32-874d, and amendments thereto, shall apply to resorts  
42 and bonds issued pursuant to this subsection.

43 (h) The authority may use the proceeds of any bond issues herein

1 authorized, together with any other available funds, for venture capital  
2 investments or for purchasing, leasing, constructing, restoring, renovat-  
3 ing, altering or repairing facilities as herein authorized, for making loans,  
4 purchasing mortgages or security interests in loan participations and pay-  
5 ing all incidental expenses therewith, paying expenses of authorizing and  
6 issuing the bonds, paying interest on the bonds until revenues thereof are  
7 available in sufficient amounts, purchasing bond insurance or other credit  
8 enhancements on the bonds, and funding such reserves as the authority  
9 deems necessary and desirable. All moneys received by the authority,  
10 other than moneys received by virtue of an appropriation, are hereby  
11 specifically declared to be cash funds, restricted in their use and to be  
12 used solely as provided herein. No moneys of the authority other than  
13 moneys received by appropriation shall be deposited with the state  
14 treasurer.

15 (i) *The authority is hereby authorized and empowered to issue bonds*  
16 *for the purpose of financing regional broadband technology facilities in*  
17 *cooperation with one or more political subdivisions or with one or more*  
18 *political subdivisions in partnership with the private sector. Bonds issued*  
19 *pursuant to this subsection shall be exempt from the provisions of clause*  
20 *(2) of subsection (a).*

21 (j) Any time the authority is required to publish a notification pur-  
22 suant to the tax equity and fiscal responsibility act of 1982, the authority  
23 shall further publish such notification in the Kansas register.

24 ~~(j)~~ (k) Any time the authority issues bonds pursuant to this section,  
25 the authority shall publish notification of such issuance at least 14 days  
26 prior to any bond hearing in the official county newspaper of the county  
27 in which the project or activity financed by such bonds are located and  
28 in the Kansas register.

29 Sec. 2. K.S.A. 2001 Supp. 74-8905 is hereby repealed.

30 Sec. 3. This act shall take effect and be in force from and after its  
31 publication in the statute book.

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