

STATE AFFAIRS COMMITTEE

April 5, 1965

The meeting was called to order and the Chairman stated that attention would be given to S.B. 280. Mr. McGee, Assistant Attorney General on special assignment to the Alcoholic Beverage Control, was introduced to discuss the proposal. He stated that the way things are now, private clubs (so-called) can operate and anyone can be served alcoholic beverages regardless of age, and the law enforcement machinery cannot touch them; that there are some court cases pending but the way things are now, no control is available. He states that this bill will protect the minors and other illegal operations; that the ABC is asking the Legislature to give adequate and proper tools to the law enforcement agencies so they can adequately police these establishments. Mr. Turner inquired about the language concerning minors, "knowingly"--and Mr. McGee stated that the present ABC act says "knowingly or unknowingly". Mr. Turner inquired if the \$50.00 registration fee would cover the cost of policing and Mr. McGee stated that a cost analysis was made; that the \$50 was intended as the initial investigation; that this is the fee set for retailers and that the club fee itself is higher; that the fees would probably amount to \$80,000 the first year and about \$70,00 the second year.

Lloyd Hall stated that he represents most of the major hotels and motels in Kansas; that they would like to see a law which is clear and well regulated; that this bill is the tightest of any state in the nation; that this will prohibit the serving of anyone under 21 and will give the right of inspection to any peace officer at anytime. He acknowledged some possible problems concerning fraternal and veterans clubs and stated that it is possible they should be amended out but that the hotels and motels are essentially in favor of this measure.

Senator Strahan and Rep. Heath appeared to discuss SB 235; stating that this is just simply to permit the city of Salina to purchase the air base that is going to be declared surplus. Mr. Rogers moved that the bill be recommended favorably. Upon second by Mr. Woodworth the motion carried unanimously.

Mr. Homer Jameson appeared to discuss SB 49, a proposal to license Landscape Architects. He introduced Mr. Springer and Mr. Roepke who are local nursery people. He states that this would not interfere with people who are in the planning business but would simply require those calling themselves Landscape Architects to meet certain standards. After questions, the further discussion was postponed until later.

Mr. Woodworth stated that he had an amendment on SB 237, limiting the bill to juvenile detention homes and prescribing the membership of the Advisory Board. Mr. Bunten stated that he would like to have an opportunity to check first before voting.

The Chairman stated that SB 95 would be considered; that he had a proposed amendment from Mr. Corrick that would let the Revisor off the hook in the event the printer was slow to get the job done. Mr. Fribley said it might also give the Revisor's office an excuse to not get the job done promptly, and moved the adoption of the amendments as proposed by Mr. Mitchell (Corporation Commission) and Mr. Bob Anderson. Motion was seconded by Mr. Unruh and carried unanimously. Thereupon, it was moved, seconded and carried unanimously that SB 95 as amended, be recommended favorably.

Mr. Rogers stated that he had now had the opportunity to talk to the Senators and others regarding SB 28 and that he concluded the Committee had been hasty in trying to put so many amendments on the bill. He proposed to amend the bill back to 10% instead of 50% of the stock required to handle the corporate sales, etc. Mr. Buchele inquired if a real estate broker would have to handle sales if one of the owners of at least 10% of the stock didn't want to, and Mr. Rogers replied that an employee could do it. Mr. Rogers then moved the adoption of the proposed amendment. Upon second by Mr. Unruh, motion carried with a vote 12 yes and no opposition. Thereupon Mr. Rogers moved that SB 28 as amended be recommended favorably. Motion was seconded by Mr. Jelinek and carries 13 yes to 2 no.

The Chairman stated that SB 351, 352, 353 and 354 were something of companion bills, and that 351 authorizes the ABC to dispose of liquor which has been confiscated. Mr. Fribley moved that the bill be passed favorably. Motion was seconded by Mr. Bunten and carried unanimously.

The Chairman stated that SB 352 added an amendment to the Act describing a minor. Mr. Buchele moved that the bill be recommended favorably. Upon second by Mr. Griffith, Mr. Marshall inquired if this did the same thing as Mr. Turner's beer bill. Mr. Buchele withdrew his motion.

Mr. Bunten stated that he had checked on SB 237 and that there is no opposition in Shawnee County. Mr. Woodworth then moved the favorable recommendation as amended. Motion was seconded by Mr. Bunten and the motion carried unanimously. (Prior to the motion for favorable recommendation as amended, Mr. Woodworth moved that the proposed amendments be adopted. Motion was seconded by Mr. Bunten and carried unanimously.)

The Chairman stated that SB 353 dealt with liquor licenses in townships where the population had dropped since the enactment of the original statute; that it would enable them to continue operation. Mr. Griffith moved that the bill be recommended favorably. Motion was seconded by Mr. Marshall and carried unanimously.

The Chairman stated that SB 354 deals with alcholic beverages on election day and gifts of liquor, bribery, etc. and concerned the hours when it may be sold on election day, etc. It was moved by Mr. Griffith and seconded by Mr. Buchele that the bill be recommended favorably. Motion carried unanmously.

The Chairman called for discussion on SB 167. Mr. Bunten asked if it wasn't the kind of a bill that it was a "flip of the coin" whether or not it was a good thing. Mr. Taylor agreed that it sounded that way to him. Mr. Rogers stated that he was impressed with the testimony and that he had considerable faith in Senators Bell and Garr and would go along with it. Mr. Woodworth stated that it is being done in other states so it doesn't make much difference what Kansas does. Mr. Griffith stated that in general he is opposed to this kind of legislation, but in order to bring it to a head was moving that it be passed favorably. Motion was seconded by Mr. Rogers. Mr. Mikesic stated that he is in favor of the motion and although claiming no pipeline to Washington, had heard that no legislation will be passed to hinder this type of activity. Mr. Griffith reiterated his personal feeling but again stated that since people all over the country are doing it, he sees no reason why we shouldn't. Mr. Marshall stated that he always opposes this kind of legislation as a state policy; that he feels it could be dangerous. The motion carried 8 yes 2 no.

Mr. Rogers stated that he had done some briefing on SB 352 and is convinced that it had no provision like Mr. Turner's beer bill. Thereupon, Mr. Buchele renewed his motion that the bill be passed favorably. Motion was seconded by Mr. Rogers and carried unanimously.

The Chairman stated that in line with the action taken in the Committee previously, amendments had been drawn by the Revisor on H.B. 720. He went over them extensively and there was a great deal of discussion as to whether the Court should hear appeals de novo or if there should be a jury, etc. Mr. Gulick stated that if they wanted a discretionary amendment it should read: "The court shall hear the appeal, with or without a jury. The trial may be limited to the record or may be de novo as the court shall determine." Mr. Turner thought that it should be mandatory and said it should read thus: "The Court shall hear the appeal by trial de novo, with or without a jury." Mr. Bunten made a substitute motion that Mr. Turner's proposal be adopted. Motion was seconded by Mr. Unruh and carried 10 yes to 5 no. Mr. Fribley moved ~~the adoption of the remainder of the amendments as discussed in motion was seconded by Mr. Marshall favorably recommendation~~ that H.B. 720 as amended be recommended favorably. Upon motion by Mr. Marshall, motion carried with 15 yes votes and none opposing.

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The Chairman stated the next order of business to be SB 169, and Mr. Gulick, Mr. Shapiro and Mr. Bibb appeared on the matter, along with John Corkhill of the Public Employees office. (See folder) Mr. Gulick discussed the employee-employer contribution toward the retirement and stated this bill would increase prior service credit from $\frac{1}{2}$ of 1% to $\frac{3}{4}$ of 1%; that it adds a service-connected death and disability benefit and provides a general insurance plan; that this would be an attraction to keep employees with the state. Mr. Unruh inquired how the insurance would be purchased and Mr. Gulick replied that it would be on bid; that the volume would be about 28,000 people and with an average salary of just under \$4,000. Mr. Hall, representing insurance agents, stated that he would not want to interfere with the bill at all; that he doubted if any agency in Kansas would be large enough to service such a deal but that 1500 career agents would like to see the elimination of the last few words regarding this provision. Mr. Mosher of the League of Kansas Municipalities appeared on behalf of the proposal. The Chairman announced that consideration would be given later.

Mr. Brown of Pottawatomie discussed SCR 23, regarding lotteries, etc. and displayed what he considered illegal advertising. He then moved that SCR 23 be adopted. Motion was seconded by Mr. Fibley and carried unanimously.

Senate Bill 292 was discussed and the Chairman stated that this is rather like the Board established to receive federal funds for educational buildings; that this simply creates a commission to cooperate. Mr. Fibley moved that the bill be recommended favorably. Motion was seconded by Mr. Rogers and carried unanimously.

Meeting was adjourned.

** see exhibit, separate folder*

ANALYSIS OF SENATE BILL NO. 235

This bill authorizes certain cities to establish and create an authority for the purpose of acquiring property from the United States government, the state of Kansas or any political subdivision or municipality, and to own, operate, improve and develop such property. It authorizes the authority to levy taxes and to issue general obligation bonds, revenue bonds, industrial revenue bonds and warrants to provide revenues to carry out the act.

The act only applies to cities of the first class located in a city in which the United States Air Force has or shall hereafter acquire, maintain, operate or control an air base, which air base has been or shall hereby be declared surplus or is otherwise available for disposition by the United States government.

The bill is intended to be for use by the city of Salina. However, it is possible that the bill could in the future apply to a few other cities of the first class. It is necessary to make the bill possibly applicable to other cities of the first class in order to overcome the constitutional provisions that no special law shall be enacted conferring corporate powers and that no special law shall be enacted when a general law can be made applicable. It is thought the language in section 3 of the bill is sufficient to make the bill a general law.

Section 1 of the act names the act as "The Surplus Property and Public Airport Authority Act."

Section 2 is merely a declaration of public policy that it will promote the public interest, economy, health, etc. to create such an

created, will be a body corporate and politic constituting a public corporation. The governing body of the authority will be a board of directors consisting of five members appointed by the governing body of the city. All the directors must be residents of the city. No director is allowed to serve on the board for more than eight consecutive years. The governing body of the city may remove any director from his office. The directors are to serve without compensation except expenses incurred in carrying out their duties.

Section 6 provides that the authority shall have perpetual succession subject to the power of the city to dissolve the same as provided in section 11 of the act.

Section 6 also sets out in detail the powers of the authority which in general are similar to powers now held by governing bodies of cities of the first class except they are limited to the property acquired under the act. The authority is authorized to employ such officers and agents and counsel as is necessary and is also authorized to contract with the United States government or any of its agencies with respect to the purchase or receiving of property.

Sec. 7 provides that the boundaries of the authority shall be commensurate with the boundaries of the property acquired by the authority and that the property so acquired need not be in a single contiguous area. It also provides that property acquired by the authority may be annexed to the city which established the authority in like manner as other property may be annexed to such a city. This section also gives the city jurisdiction of property acquired by the authority and located outside the municipal limits

Section 9 prescribes the procedure for the issuance by the authority of its own general obligation bonds, revenue bonds, industrial revenue bonds and no-fund warrants. These provisions are similar to the procedure established for cities of the first class for issuing similar types of bonds and warrants. It is expressly provided that all revenue bonds shall not be a debt of the city or of the state. The bonds are to be retired solely from moneys derived from the operation of the acquired facilities by the authority.

Section 10 provides that all contracts, leases, books and records of the authority shall constitute public books and records subject to examination by the city and any of its officers and employees. This section also requires an annual audit of the books and records of the authority and a report thereof to be made to the governing body of the city.

Section 11 provides that the governing body may dissolve the authority at any time by the adoption of an appropriate ordinance provided that the authority once established must continue for a period of not less than ten (10) years and that it shall not be dissolved until all its liabilities have been paid in full or otherwise discharged. Upon dissolution of the authority all its property becomes the property of the city which created the authority.

Section 12 is the usual constitutional clause.

Section 13 provides that the act shall take effect upon publication in the official state paper.

The Remarks of Carl A. Bell, Jr.,
President of the League of Kansas
Municipalities, before the Senate
Committee on Federal and State Affairs

February 25, 1965

In Re: Senate Bill No. 167--An act relating to the refunding of certain municipal revenue bonds, amending existing K. S. A. 10-1211 and repealing said existing section.

Mr. Chairman and members of the Federal and State Affairs Committee, I am appearing here today on behalf of the League of Kansas Municipalities in support of the enactment of Senate Bill No. 167, which relates to the refunding of certain outstanding revenue bonds of various municipalities of the state.

Of particular interest in this bill is a provision whereby a refinancing plan can be developed for what is termed "an advance refunding." As a matter of definition, an advance refunding is a refinancing plan under which the city takes advantage of improved market conditions and changing circumstances to satisfy the rights of the outstanding bond holders through escrow of sufficient securities to guarantee the payment of the outstanding bonds, which securities are purchased from the proceeds of the sale of the refunding bonds. This, in effect, provides for the refunding of outstanding bonds prior to the call date specified in the original ordinance.

As a matter of historical interest, members of the committee will recall that similar bills were adopted by the 1963 legislature which authorized such refinancing plans for the 18th Street Expressway of the Kansas Turnpike Authority and the Johnson County Water District. Both of these refinancings were carried out to the substantial benefit of the Authority and the District.

This bill is of particular general interest as a result of specific indications on the part of at least 20 cities in the state of Kansas who are interested in refinancing a portion of their debt. The cities range in size from Hill City, with a population of 2,200 and an outstanding debt of \$623,000, to the city of Wichita, with a population of 264,000 and an outstanding debt of \$48,000,000.

The following factors should be considered in the support of this bill:

1. The bonds proposed to be refunded generally carry high coupon rates as a result of either poor market conditions at the time of their issue or due to the fact that the systems being financed had no historical records of earnings.
2. Bond covenants required during times of high borrowing costs and for systems without historical earnings records are generally more restrictive.
3. Restrictive covenants contained in certain bond ordinances oftentimes limit future financing for expansion and growth of the systems.
4. Refunding at times such as now, when interest rates are low, will effect substantial savings to the systems and their customers.

5. Covenants can be revised to insure sound future financing, operation and growth of the systems.

Because refundings must be carried out under proper market conditions, there is some urgency in this bill as a result of current market conditions. Interest rates at the present time are at their lowest point in several years due to various economic factors and recent actions on the part of the federal government.

Probably the basic and most important factor in support of this legislation is the savings which can be effected in reduced borrowing costs, which can accrue many benefits to the systems and their customers.

I have present here today representatives from the League of Kansas Municipalities staff and officials from various cities, who are available to answer technical and specific questions.

I thank you very much for this opportunity to speak in support of this bill.

S.B. 167

Do you wish to speak?
 PROPONENT OPPONENT

NAME	ADDRESS	PROponent	OPponent
S. H. RANSON	WICHITA, KANS.	YES	
H. Callahan, CITY MGR	Abilene, Kansas	YES	
K. G. Bittel, CITY CLERK	ABILENE, KANSAS	YES	
HARRY BEECROFT	Abilene (OBSERVER)		
Lawrence M. Pittman	Wichita, opponent		yes
F. W. Mosher	League of Municipalities	yes	
FRED D. DIEHL	CITY OF McPHERSON		
HARLEY E. LUCAS, City Mgr.	OLATHE	yes	
Al Helen	city Mgr	yes	
Harold Duffek	Mayor Hutchinson	yes	
R. W. Bruggeman	city Mgr. Holden	yes	
R. J. Gilliland	City Attorney	yes	
F. C. Littooy	Hutchinson Kan	yes	
Joseph Walker	Coffeyville	yes	
J. Kector	Coffeyville, Ks.	yes	
John Sherman	Chavate	yes	
Bob Finney			yes