

MINUTES OF THE Senate COMMITTEE ON Local Government

The meeting was called to order by Senator Gaar at  
Chairperson

9:00 a.m./~~p.m.~~ on February 8, 1983 in room 531-N of the Capitol.

All members were present except: Senator Allen, who was excused.

Committee staff present: Mike Heim  
Theresa Kiernan  
Emalene Correll  
Joan Mullins

Conferees appearing before the committee: Ernie Mosher, League of Municipalities  
Mary Ellen Conlee, Wichita, Kansas

Senator Gaar asked the committee to consider S.B. 86, relating to fees charged by registers of deeds for releases of tax liens, and advised of a requested amendment setting a \$5.00 fee for filing liens or releases pursuant to K.S.A. 58-201. Senator Ehrlich moved such amendment. Senator Bogina seconded the motion, and it carried by unanimous vote. Senator Daniels moved the bill be further amended by adding "or the revenue laws of the state of Kansas" following States in line 0048. Senator Parrish seconded the motion and it carried by unanimous vote. Senator Bogina moved the bill be passed as amended. Senator Winter seconded the motion and it carried unanimously. Senator Winter was appointed to carry the bill.

Senator Gaar opened the hearing on S.B. 103, relating to refunding and sale of municipal bonds. Following an explanation of the intent of the bill by Senator Gaar, Mr. Ernie Mosher advised the committee that the League of Municipalities will not formally take a position on the bill until February 11 but that he expected the League to strongly support it. Ms. Mary Ellen Conley presented written testimony of the Director of Administration of Wichita, Kansas, in support of the bill (see Attachment I). Senator Bogina moved, conceptually, to amend section 2 of the bill to provide that a public sale will not be required if an issue of refunding bonds includes additional funds to be used for the same or similar purpose for which the bonds being refunded were issued. Senator Mulich seconded the motion, and it carried by unanimous vote. Senator Mulich moved the bill be reported favorably as amended. Senator Bogina seconded the motion, and it carried by unanimous vote. Senator Gaar advised that he will carry the bill.

Senator Daniels moved, and Senator Mulich seconded, approval of the minutes of the February 3, 1983 meeting. The motion carried.

Senator Gaar adjourned the meeting to February 9, 1983.

Recorded - J. Mullins

Statement to Senate Committee on Local Government  
 Senate Bill No. 103--Relating to the Sale and Refunding of  
 Municipal Bonds

The municipal bond market in the last several years has been highly volatile and has resulted in very high interest rates on tax exempt municipal bonds. As an example of this, the City of Wichita's bond sales for the years 1980, 1981 and 1982 and the net average interest rate received thereon are as follows:

<u>City of Wichita Bond Sales</u>	<u>Net Average Interest Rate</u>
6/80	5.98%
12/80	8.12%
6/81	9.47%
9/81	11.72%
12/81	10.03%
6/82	10.43%
12/82	8.74%

During the last quarter of 1982, the Bond Buyer Index has been on a downward trend. It is anticipated that during the next year to year and a half, there will continue to be a downward trend in the interest rates on municipal bonds. During this period of time, it may be financially beneficial for the City of Wichita and other cities in the state to refund some of the bond issues issued in 1980, 1981 and 1982. Senate Bill 103 provides additional flexibility to local units of government which in many cases will make use of the refunding tool more financially feasible. Senate Bill 103 (1) authorizes municipalities to negotiate the sale of a refunding bond issue; (2) authorizes municipalities to refund bonds that have been issued less than a year; and (3) authorizes municipalities to refund bonds more than once if it is financially beneficial. The City of Wichita would support Senate Bill 103 because it may in the future help the city reduce debt service costs to its citizens.

Russel L. Brenner  
 Director of Administration  
 City of Wichita

*Atch. I*