

MINUTES OF THE Senate COMMITTEE ON Local Government

The meeting was called to order by Senator Norman E. Gaar at
Chairperson

9:10 a.m./p.m. on January 24, 1984 in room 531-N of the Capitol.

All members were present except: Senators Winter and Mulich, who were excused.

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

Conferees appearing before the committee: Chris McKenzie, League of Kansas Municipalities
Ernie Mosher, League of Kansas Municipalities
Lyle Dressler, City Manager, Wamego, Kansas

Mr. Chris McKenzie appeared before the Committee on behalf of the League of Kansas Municipalities to request introduction of a bill to limit to 90 days the statute of limitations for filing federal civil rights actions challenging special assessments. Senator Gaar suggested that the proposed bill as drafted be broadened to include challenges to actions of county officials leading to the levy of special assessments. Following discussion, Senator Daniels moved to introduce the bill with the proposed change suggested by Senator Gaar. Senator Bogina seconded the motion, and it carried by a unanimous vote.

Mr. Ernie Mosher presented a legislative package consisting of ten bills to assist municipalities with infrastructure improvements. Drafts of the ten proposed bills have been labeled Attachment I, are attached hereto and made a part of these minutes by reference. Mr. Mosher also asked the Committee's favorable consideration of a motion to request an interim study of municipal bonds and alternative financing methods. Senator Bogina moved introduction of the ten infrastructure improvement bills proposed by the League of Kansas Municipalities. Senator Daniels seconded the motion and it carried by unanimous vote. It was the consensus of the Committee members to address the request for an interim study at a later meeting during the session.

Senator Gaines moved introduction of a bill affecting special assessments for sewer improvements in Butler County. Senator Allen seconded the motion and it carried unanimously.

Upon motion duly made and seconded, the meeting was adjourned to 9:00 a.m. on January 25, 1984.

Bill Draft 1 -- Consolidated City Highway Fund

AN ACT relating to financing the infrastructure of cities, authorizing the establishment of a city consolidated highway fund.

The governing body of any city may, by ordinance, provide for a consolidated highway fund to which may be credited moneys received by the city from state payments under the provisions of K.S.A. 68-416 and K.S.A. 1983 Supp. 79-3425c. The ordinance creating such fund may also provide for transferring to the consolidated highway fund moneys in the general or other fund of the city budgeted for highway purposes. Moneys in such a consolidated highway fund shall be used solely for highway purposes.

Bill Draft 2 — Municipal Highway Improvement Reserve Fund

AN ACT relating to financing the infrastructure of municipalities; concerning the establishment of a special highway improvement reserve fund; amending K.S.A. 68-590 and repealing the existing section.

68-590. Same; fund provided; transfers; budget effect. For the purpose of permitting municipalities to finance specified improvement projects involving the construction or reconstruction of highways, bridges, roads and streets and incidental facilities thereto, the cost of which will exceed the money annually available from current revenues, the governing body of any municipality is hereby authorized and empowered by resolution to transfer each year from the fund or division thereof budgeted for roads, bridges, highways or streets of such municipality an amount of money not to exceed twenty-five percent (25%) of such fund or division thereof as determined by such body and subject to legal expenditure, to a special highway improvement fund.

who] Upon the adoption of such resolution, a copy thereof shall be delivered to the treasurer of such municipality and he shall credit the amount provided in such resolution to such special highway improvement fund and shall debit the fund or division thereof as the case may be. All moneys credited to such special fund shall be used by such municipality for the purpose of the construction or reconstruction of highways, bridges, roads and streets and necessary incidental facilities and such fund shall not be subject to the provisions of K.S.A. 79-2925 to 79-2937, both inclusive, or acts amendatory thereof or supplemental thereto; except that in making the budgets of such municipalities the amounts credited to, and the amount on hand in, such special fund and the amount expended therefrom shall be shown thereon for the information of the taxpayers of such municipalities.

If the governing body of any municipality shall determine that money which has been transferred to such special fund or any part thereof is not needed for the purposes for which so transferred, said governing body is hereby authorized and empowered by resolution to retransfer such amount not needed to the fund from which transferred and such retransfer shall be subject to the provisions of K.S.A. 79-2925 to 79-2937, both inclusive, or acts amendatory thereof or supplemental thereto.

History: L. 1967, ch. 363, § 2; April 29.

the
Transfers may also be made to such special fund from moneys received from any city or county-wide retailers' sales tax or from federal general revenue sharing moneys.
designated

Moneys in such fund may be invested in accordance with the provisions of K.S.A. 10-131, with interest thereon credited to the special fund.

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Bill Draft 3 — City Highway Equipment Reserve Fund

AN ACT relating to financing the infrastructure of municipalities; concerning the establishment of a special highway equipment and bridge building fund; amending K.S.A. 68-141g and repealing the existing section.

68-141g. Same; resolution of governing body; procedure; retransfer, when. The governing body of any municipality by resolution is hereby authorized and empowered to transfer, annually, from the road, bridge, or street fund of such municipality not to exceed twenty-five percent (25%) of the amount of money credited to any such fund, and subject to legal expenditure, in such year to a special road, bridge or street building machinery, equipment and bridge building fund. [or other
for road, bridge or street purposes] [highway

Upon the adoption of such resolution, a copy thereof shall be delivered to the treasurer of such municipality and he shall credit the amount provided in such resolution to such special fund and shall debit the road, bridge or street fund as the case may be. All moneys credited to such special fund shall be used by such municipalities for the purpose of purchasing road, bridge or street building machinery or equipment or the building of bridges and such fund shall not be subject to the provisions of K.S.A. 79-2925 to 79-2937 or acts amendatory thereof or supplemental thereto, except that in making the budgets of such municipalities the amounts credited to, and the amount on hand in, such special fund and the amount expended therefrom shall be shown thereon for the information of the taxpayers of such municipalities. [who
[designated
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If the governing body of any municipality shall determine that money which has been transferred to such special fund or any part thereof is not needed for the purposes for which so transferred, said governing body is hereby authorized and empowered by resolution to retransfer such amount not needed to the road, bridge or street fund of such municipality and such retransfer and expenditure thereof shall be subject to the provisions of K.S.A. 79-2925 to 79-2937 or acts amendatory thereof or supplemental thereto. [Moneys in such fund may be invested in accordance with the provisions of K.S.A. 10-131, with interest thereon credited to the special fund.
[from which it was transferred

History: L. 1941, ch. 316, § 2; L. 1951, ch. 375, § 1; June 30.

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Bill Draft 4 — Municipal Sewerage System Reserve Funds

AN ACT relating to financing the infrastructure of municipalities; concerning the establishment of sewerage system reserve funds; amending the provisions of K.S.A. 12-631n, 12-631o and 12-631p and repealing the existing sections.

12-631n. Municipal sewerage systems; definitions. As used in this act, the following words and phrases shall have the meanings respectively ascribed to them herein: (a) "Municipality" means any county, city, sewer district or other public agency or any combination thereof;

(b) "Sewerage system" means sewers, mains, pumping stations, treatment works, storage facilities and all other appurtenances to the collection, storage, treatment and disposal of sewage or waste water; and

(c) ~~"P.L. 92-500" means public law 92-500 of the 92nd session of the United States congress, cited as the "federal water pollution control act amendments of 1972."~~

History: L. 1973, ch. 56, § 1; April 20.

12-631o. Same; reserve funds; payment or transfer of certain moneys to fund. Any municipality, by resolution of the governing body thereof, may establish one or more reserve funds for ~~the future maintenance and operation of its sewerage system and for the construction of improvements and expansions to such system.~~ Such reserve fund or funds may be established whether the municipality finances such sewerage system as a function of its general fund or as a separate or combined utility fund, and any moneys budgeted as a revenue of such general or utility fund for the purposes of the sewerage system may be transferred periodically to such reserve funds by order of the governing body. Any portion of a capital contribution in aid of construction received by a municipality from industrial or other large system users, under the provisions of ~~P.L. 92-500~~ or under contractual agreements with such municipality, which money has

"Federal clean water act" means the federal water pollution control act (commonly referred to as the clean water act), cited as 33 U.S.C. 1251 et seq.

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not been credited to a construction or bond payment fund for such sewerage system, or paid to the federal government under the provisions of ~~P.L. 92-500~~, may be paid to or transferred to such reserve funds.

[the federal clean water act

History: L. 1973, ch. 56, § 2; April 20.

Moneys in such funds may be invested in accordance with the provisions of K.S.A. 10-131, with interest thereon credited to the reserve fund or funds.

12-631p. Same; use of moneys credited to reserve funds: exempt from budget law: retransfer of certain funds authorized. Moneys credited to such reserve funds may be used by the municipality for the construction, reconstruction, expansion, operation, and maintenance of such sewerage system, or for the making of payments to the federal government under the provisions of ~~P.L. 92-500~~, and such fund shall not be subject to the provisions of K.S.A. 79-2925 to 79-2937, inclusive, and any acts amendatory thereof or supplemental thereto, except that in making the budgets of such municipality, the amounts credited to and the amount on hand in such reserve funds, and the amount expended therefrom, shall be included in the budgets for the information of the residents of such municipality. If the governing body of any municipality shall determine that all or any part of the moneys which have been transferred or paid to such reserve funds is not needed for the purposes for which so transferred or paid, said governing body by resolution may retransfer such amount not needed to the fund from which it was originally transferred, and such retransfer shall be budgeted and subject to the provisions of K.S.A. 79-2925 to 79-2937, inclusive, and any acts amendatory thereof or supplemental thereto and shall only be used for sewerage system purposes.

[and repair

[the federal clean water act

History: L. 1973, ch. 56, § 3; April 20.

Bill 5 -- General City Equipment Fund

AN ACT relating to financing the infrastructure of cities, authorizing cities to establish an internal service equipment fund.

The governing body of any city may provide by ordinance for a municipal equipment fund, which may be used as an internal service fund. Moneys may be budgeted or transferred to such fund from any source, including rental or other equipment use charges on the various departments and agencies of the city, sufficient to meet operating costs and to finance new and replacement equipment. For the purposes of this act, equipment shall include machinery, vehicles and any other equipment of a personal property nature, including computer software, which the city is authorized to purchase for municipal purposes.

Moneys credited to such fund from budgeted appropriations or transfers shall not thereafter be subject to the provisions of K.S.A. 79-2925 to 79-2937 or acts amendatory thereof or supplemental thereto, except that in making the budgets of such city the amounts credited to, and the amount on hand in, such internal service fund and the amount expended therefrom shall be shown thereon for the information of the taxpayers of such city. Moneys in such fund may be invested in accordance with the provisions of K.S.A. 10-131, with interest thereon credited to such fund.

If the governing body of any city shall determine that money which has been credited to such fund or any part thereof is not needed for the purposes for which so budgeted or transferred, said governing body may by resolution transfer such amount not needed to the fund from which it came and such retransfer and expenditure thereof shall be subject to the provisions of K.S.A. 79-2925 to 79-2937 or acts amendatory thereof or supplemental thereto.

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Bill Draft 6 — Municipal Investment of Public

Improvement Temporary Notes

AN ACT relating to the infrastructure of cities; providing for the investment of moneys from bond and temporary notes issued for improvements; amending K.S.A. 10-131 and repealing the existing section.

10-131. Investment of proceeds of certain bond issues; disposition of interest received therefrom. The governing body of any municipality, as defined in K.S.A. 10-101 which has heretofore issued or may hereafter issue bonds ~~for any purpose, is~~ [or temporary notes hereby authorized and empowered to invest any portion of the proceeds of said bonds, ~~which is not currently needed, in investments authorized by K.S.A. 12-1675, and amendments thereto, in the manner prescribed therein or in direct obligations of the United States government or any agency thereof or in the municipality's temporary notes issued pursuant to K.S.A. 10-123 or in interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the municipality is located. The interest received on any such investment shall upon receipt thereof be set aside and used for the purpose of paying interest on the bonds issued or, when bonds have been approved at an election held under the general bond law, placed in a fund to be used for paying the cost of the project for which the bonds were issued.~~ [or notes

History: L. 1947, ch. 106, § 1; L. 1949, ch. 113, § 1; L. 1953, ch. 56, § 1; L. 1971, ch. 38, § 1; L. 1971, ch. 39, § 1; L. 1976, ch. 62, § 1; L. 1977, ch. 54, § 2; L. 1980, ch. 52, § 1. April 25.

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**Bill Draft 7 -- Municipal Self-Investment
in No-Fund Warrants and Notes**

AN ACT relating to financing the infrastructure of municipalities; concerning investments and authorizing municipalities to purchase their own no-fund warrants or notes; amending K.S.A. 12-1671 and 12-1672 and repealing the existing sections.

Section 1. 12-1671. Investments and ~~time deposit certificates~~ authorized by law and held by municipalities as defined in K.S.A. 10-1101 shall be considered cash for purposes of the cash basis law.

Sec. 2. 12-1672. Moneys disbursed by such municipalities for investments and ~~time deposit certificates~~ authorized by law shall not be considered expenditures for purposes of the budget law.

New Sec. 3. A municipality may purchase its own no-fund warrants or temporary notes and such purchase shall be considered an investment under the provisions of the act.

**Bill Draft 8 -- Local Sales Tax Transfers
for Capital Improvements**

AN ACT relating to financing the infrastructure of cities; authorizing cities to use moneys from a city or countywide retailers' sales tax to finance public improvements.

The governing body of any city may budget the transfer of moneys in its general fund derived from a city or countywide retailers' sales taxes to any bond and interest fund established to retire general obligation bonds or temporary notes of the city or to a capital improvement fund established to finance, in whole or in part, any public improvement for which the city is authorized to issue general obligation bonds.

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Bill Draft 9 — City Capital Improvements Fund

AN ACT relating to financing the infrastructure of cities; authorizing cities to establish a special capital improvements fund under certain conditions.

The governing body of any city, which has formally approved a multi-year capital improvement plan setting forth the public improvement and infrastructure needs of the city on a prioritized basis, may establish by ordinance a capital improvements fund. Any general property tax specifically levied for the use of such fund shall be authorized by ordinance adopted under the provisions of Article 12, Section 5 of the Kansas Constitution. The ordinance establishing such fund, or as amended from time to time, may provide for the transfer of moneys from other city funds available for improvement purposes to the capital improvements fund, including moneys in the city's federal general revenue sharing fund and general fund.

Moneys in such capital improvements fund may be used to finance, in whole or in part, any public improvement need set forth in the adopted capital improvements plan, including the repair, restoration and rehabilitation of existing public facilities. The ordinance may provide that disbursements from such fund may be made for engineering and other advance public improvement plans and studies and that reimbursements shall be made to the fund from future revenue from special assessments or state or federal aid available for the completed project.

Except for such reimbursed expenses, no moneys shall be credited to such special fund except as may be annually budgeted, or transferred from other budgeted funds, and such fund shall not thereafter be subject to the provisions of K.S.A. 79-2925 to 79-2937 or acts amendatory thereof or supplemental thereto,

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except that in making the budgets of such cities the amounts credited to, and the amount on hand in, such special fund and the amount expended therefrom shall be shown thereon for the information of the taxpayers of such cities. Moneys in such fund may be invested in accordance with the provisions K.S.A. 10-131, with interest thereon credited to such fund.

If the governing body of any municipality shall determine that money which has been transferred to such special fund or any part thereof is not needed for the purposes for which so transferred, said governing body may by resolution transfer such amount not needed to the general or other fund from which it was derived and such transfer and expenditure thereof shall be subject to the provisions of K.S.A. 79-2925 to 79-2937 or acts amendatory thereof or supplemental thereto.

Bill Draft 10 — Short-Term Improvement Financing By Cities

AN ACT relating to financing the infrastructure of municipalities; concerning the issuance and payment of temporary notes; amending K.S.A. 10-123 and repealing the existing section.

10-123. Temporary notes for improvements; renewal, when. ~~If a municipality has approved an improvement which is to be paid for in whole or in part by the issuance of bonds, the governing body of the municipality may issue temporary notes, bearing interest at a rate not to exceed the maximum rate of interest prescribed by K.S.A. 10-1009, payable in accordance with the terms of the notes, maturing not later than four years from the date of the notes and not exceeding in the aggregate the amount of bonds which are to be issued and are then unissued, as shown by the approved estimates on file. If road bonds are to be issued, the amount of the notes shall not exceed the total amount of the unissued bonds and the state and federal aid granted to the project. Any municipality may issue renewal temporary notes to pay for the cost of taking up any previously issued temporary notes as they mature when all aspects of the improvement will not be completed at the maturity date of the notes or when the municipality has completed the improvements and the issuance of bonds is prevented, hindered or delayed.~~

The temporary notes shall be in a form determined by ordinance or resolution, acceptable for registration by the state treasurer. The entire temporary note shall be contained on one sheet of paper. The notes shall be executed and registered in the same manner as the bonds, and shall be redeemed and canceled before or at the time permanent bonds are issued in lieu thereof. The amount of temporary notes and bonds issued and outstanding shall not at any time exceed the estimated cost and expense of the improvement. The temporary notes may be issued from time to time, as required during the progress of the work, shall be negotiable in accordance with their terms and shall constitute a general obligation of the municipality issuing the same. The temporary notes shall not be negotiable in accordance with their terms until countersigned, following registration, by the clerk of the issuing municipality, and a statement to that effect shall appear on the face of all such temporary notes. The temporary notes may be sold in the manner determined by the municipality.

(a) or from other revenue sources as authorized by subsection (b),

may

Except as provided in subsection (b),

(b) The governing body of any city which has authorized the issuance of temporary notes under the provisions of this act may provide, by ordinance, for the periodic payment of the principal and interest on one or more of its temporary notes from such sources of revenue as may be available, in lieu of the issuance of bonds. In the event the amount of such other sources of revenue are insufficient to meet the terms of the notes, the governing body shall then promptly provide for the issuance of bonds in the amount necessary to retire such temporary notes. Temporary notes issued in accordance with this subsection shall not be subject to renewal.

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