

Approved 3-26-87
Date

MINUTES OF THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Senator Wint Winter Jr. at
Chairperson

12:40 a.m./p.m. on March 24, 1987 in room 529-S of the Capitol.

All members were present except: Senator Vidricksen - Excused

Committee staff present:

Arden Ensley, Revisor of Statutes
Lynne Holt, Legislative Research Department
Ben Barrett, Legislative Research Department
Mary Allen, Secretary to the Committee

Conferees appearing before the committee:

Mildred McMillon, State Board of Education
Steve Jack, Kansas Department of Commerce
John Peterson, Kansas Association of Private and Career Schools
Dr. Charles Krider, Institute for Public Policy and Business Research
Dr. Fred Gainous, State Department of Education

The meeting was called to order at 12.40 p.m. by the Chairman, Senator Wint Winter, Jr..

Senator Salisbury presented a proposed bill draft for consideration by the Committee. (Attachment I) She said that current statutes require state agencies to give fifteen days notice in the Kansas Register when that agency intends to adopt a regulation. This proposed bill draft would increase that notice to twenty-one days. She stated that the proposed bill also provides a requirement that an agency, when it files notice of hearing on a regulation in the Kansas Register, must also file a fiscal impact statement on the public sector, the private sector and on its economic effect upon small business.

Senator Salisbury moved that the Committee request an exempt Committee to introduce bill draft 7 RS 1353 (Attachment I) Senator D. Kerr seconded the motion. The motion carried.

Chairman Winter told the Committee that it has been suggested that some amendments to state bond financing laws would be appropriate. A bill draft was submitted to the Committee for its consideration on the matter of recommending it for introduction. The Chairman said that the proposed bill contains some technical changes to the bond law. The substantive change in the bill is that it would allow cities and counties to issue sales tax backed infrastructure bonds for improvements of infrastructure limited only to infrastructure which is related to primary business, that being non-retail, manufacturing and research facilities.

Senator D. Kerr moved that an exempt Committee be requested to introduce proposed bill draft 7 RS 1126 (Attachment II). Senator Salisbury seconded the motion. The motion carried.

House Bill 2529 - An Act concerning the department of commerce; requiring the establishment of a clearinghouse for information on educational and vocational training programs of value to economic development.

Lynne Holt, Legislative Research Department explained HB 2529 and said that it requires the Department of Commerce to establish a clearinghouse for information on educational and vocational training programs. The clearinghouse would provide information on expertise of faculty at public and private vocational education institutions and institutions of post-secondary education and data on the quality, number, and location of postsecondary education programs and vocational education programs in areas critical to economic development. She stated that the bill resulted from a recommendation by the Task Force on Business Training to the Legislative Commission on Kansas Economic Development.

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room 529-S, Statehouse, at 12:40 -a.m./p.m. on March 24, 1987

Mildred McMillon, State Board of Education, appeared before the Committee in support of HB 2529. (Attachment III)

Steve Jack, Job Training Coordinator for the state with the Department of Commerce, told the Committee that the Department feels that being a clearinghouse for information as provided in HB 2529 is an appropriate role for the Department of Commerce to play and would give businesses all of the information on funding and training programs. The Department would hope to utilize its six field offices to help disseminate this information.

Senator Hayden questioned Section 1 (i), line 86 of HB 2529 which provides that the clearinghouse should provide access to information on expertise of faculty at public and private vocational education institutions and institutions of postsecondary education. He asked who is going to judge expertise of these faculties. Mr. Jack said that he is also concerned about this portion of the bill concerning the words "expertise" in line 86 and "quality" in line 88. He noted that these kinds of determinations are beyond what is done solely in the Department of Commerce and they would have to be made with the involvement of the State Board of Education.

Senator Salisbury observed that the way HB 2529 is written perhaps does not totally and accurately reflect the objective of the Business Training Task Force. She said that first of all, that Task Force was looking at business training and not at all postsecondary education in the state. The idea was to have some visible governmental entity be responsible for providing information on what and where programs for training and retraining could be obtained.

House Bill 2075 - An Act establishing the Kansas training information program.

Lynne Holt, Legislative Research Department, explained HB 2075 and said that it establishes the Kansas Training Information Program (K-TIP). She stated that the purpose of the program is to provide for the publication and distribution of a report of employment placement rates and average salaries earned by persons completing vocational education programs in the state during the prior fiscal year. The program would be administered by the State Board of Education and would include the performance of the vocational programs of area vocational schools, area vocational-technical schools, community colleges, Washburn University, and any other vocational programs operated by state educational institutions. The programs of proprietary schools which elect to participate in K-TIP will also be included. She noted that the House Committee of the Whole added amendments requiring the State Board of Education to conduct a follow-up survey and studies which will assist in the evaluation of vocational education programs. HB 2075 is also a product of the Task Force on Business Training.

Mildred McMillon, State Board of Education, told the Committee that the State Board of Education supports HB 2075. (Attachment IV)

John Peterson, Kansas Association of Private and Career Schools, told the Committee that the association which he represents supports both HB 2529 and HB 2075.

Senator Feleciano questioned the public "need to know" as it regards the section of HB 2075 calling for reporting to the State Board of Education the social security number and the average salary of each person who completes a vocational education program operated by a vocational education institution or proprietary school. He questioned whether this information should be public. Chairman Winter suggested that perhaps some language could be added to HB 2075 to make it clear that personal data would not be revealed and that any information gathered would be disseminated as aggregate information with individual information, such as identifying characteristics, name, social security numbers etc., excised from it.

Dr. Charles Krider, Institute for Public Policy and Business Research, told the Committee that the original intent of HB 2529 was to have just a clearinghouse which could provide information. It was not really intended that the bill get into the areas of quality and expertise aside from what the schools themselves might provide.

Dr. Fred Gainous, State Department of Education, said that HB 2075 is intended to provide consumers with information so that they may make an informed decision as to which

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program or which institution they may wish to attend. He stated that HB 2529 has grown from its original intent. He expressed surprise that this bill carries no economic impact because to determine quality is quite expensive and is a very lengthy process. He said that the original intent of the bill, to create a clearinghouse, should be pursued. He suggested that Subsection (i) of the bill needs to be modified in some way so that it does not seek a determination of quality.

Senator Hayden moved that the minutes of the March 16, 1987, March 17, 1987, March 18, 1987, March 19, 1987, and March 23, 1987, meetings of the Committee be approved. Senator D. Kerr seconded the motion. The motion carried.

The meeting was adjourned at 1:30 p.m. by the Chairman.

GUEST LIST

<u>NAME</u>	<u>REPRESENTING</u>
Fred Gainous	KSDE
John Peterson	Ks Assn of Private Career Schools
Randy Williams	KDHR
Jim Jeyerman	Antenn - DOC
Kent Craft	Kansas Term Kansas Dept. of Commerce
Steve Jack	Mich. State Uni.
L. Sudonum	Mich. State Board of Education
Walter McDaniel	
CHARLES EKRIAN	KCU

SENATE BILL NO. _____

By

AN ACT relating to administrative rules and regulations of state agencies; concerning notice of hearing thereon; concerning publication of statements of fiscal or financial impact and economic effect of such rules and regulations; amending K.S.A. 77-421 and repealing the existing section.

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

Section 1. K.S.A. 77-421 is hereby amended to read as follows: 77-421. (a) Prior to the adoption of any permanent rule and regulation or any temporary rule and regulation which is required to be adopted as a temporary rule and regulation in order to comply with the requirements of the statute authorizing the same and after any such rule and regulation has been approved by the secretary of administration and the attorney general, the adopting state agency shall give at least ~~15~~ 21 days' notice of its intended action in the Kansas register and to the revisor of statutes. The notice shall be mailed to the revisor of statutes and published in the Kansas register and shall contain a summary of the substance of the proposed rules and regulations and the address where a complete copy of the proposed rules and regulations may be obtained. Such notice shall state the time and place of the public hearing to be held thereon and the manner in which interested parties may present their views thereon. The notice shall be accompanied by a copy of the fiscal or financial impact statement provided by K.S.A. 77-416 and amendments thereto and a statement of economic effect upon small business considered pursuant to K.S.A. 1986 Supp. 77-439 and amendments thereto which is are applicable to all proposed rules and regulations which will be considered at such public hearing, ~~and the notice shall state that a copy of the fiscal or financial impact statement may~~

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~~be-obtained-from-the-state-agency-and-shall-provide--the--address
of--the--state--agency-from-which-such-fiscal-or-financial-impact
statement-may--be--obtained.~~ Such fiscal or financial impact
statement and statement of economic effect upon small business
shall be published in the Kansas register with the notice of
hearing on the applicable rules and regulations. Publication of
such notice in the Kansas register shall constitute notice to all
parties affected by the rules and regulations. ~~Nothing--in--this
section--shall--be--construed--to--require--publication--in--the--Kansas
register--of--the--fiscal--or--financial--impact--statement.~~

(b) On the date of the hearing, all interested parties shall be given reasonable opportunity to present their views or arguments on adoption of the rule and regulation, either orally or in writing. When requested to do so, the state agency shall prepare a concise statement of the principal reasons for adopting the rule and regulation or amendment thereto. Whenever a state agency is required by any other statute to give notice and hold a hearing before adopting, amending, reviving or revoking a rule and regulation, the state agency may, in lieu of following the requirements or statutory procedure set out in such other law, give notice and hold hearings on proposed rules and regulations in the manner prescribed by this act. Notwithstanding the other provisions of this section, the Kansas adult authority and the secretary of corrections may, but shall not be required to, give notice or an opportunity to be heard to any inmate in the custody of the secretary of corrections with regard to the adoption of any rule and regulation.

(c) No public hearing required by this section shall be scheduled or held by a state agency after December 1 of any calendar year.

(d) No rule and regulation shall be adopted except at a meeting which is open to the public and notwithstanding any other provision of law to the contrary, no rule and regulation shall be adopted by a board, commission, authority or other similar body unless it receives approval by roll call vote of a majority of

the total membership thereof.

Sec. 2. K.S.A. 77-421 is hereby repealed.

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

SENATE BILL NO. _____

By

AN ACT relating to municipalities; concerning municipal bonds and finance; amending K.S.A. 10-131 and 10-1009 and K.S.A. 1986 Supp. 10-116a, 10-311, 10-427, 10-427a and 12-195 and repealing the existing sections.

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

Section 1. K.S.A. 1986 Supp. 10-116a is hereby amended to read as follows: 10-116a. Any municipal or quasi-municipal corporation which has issued or may hereafter issue revenue bonds under the laws of the state of Kansas, may issue, without an election, revenue bonds pursuant to the provisions of this section to refund any revenue bond issue or issues, or part thereof, any interest on such bonds or both such bonds and interest. The principal amount of any issue of refunding revenue bonds shall not exceed the aggregate amount of: (a) The principal amount of the revenue bonds or interest being refunded; (b) the amount of any interest which has accrued thereon or interest that will accrue to the date of payment of the bonds being refunded; (c) the amount of any premium required to be paid should the bonds be called for redemption and payment; (d) expenses of the municipal or quasi-municipal corporation deemed by the governing body to be necessary for the issuance of the refunding bonds; and (e) expenses incident to the payment of the bonds being refunded. The refunding revenue bonds may be sold or exchanged for the bonds being refunded either as a whole or in installments at any time or times, either at, before, or after the maturity of the bonds being refunded. If the refunding revenue bonds are sold more than six months prior to the maturity or earliest prior redemption date of the bonds being refunded, the proceeds derived from the sale, together with any other moneys on hand, shall be

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Attachment II

placed in escrow under a trust agreement with a Kansas bank having full trust powers. The proceeds and moneys shall be invested in direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America or municipal obligations which are secured by direct obligations of the United States of America, and which shall mature or be subject to redemption by the holders thereof not later than the respective dates when the proceeds of the obligations together with the interest accruing thereon and any other moneys or investments held in escrow will be required for the purposes intended. The trust agreement shall pledge or assign the moneys and investments held in trust for the payment of the principal of the revenue bonds being refunded and may pledge or assign the moneys and investments held in trust for the payment of the interest on the revenue bonds being refunded and any redemption premium thereon. The trust agreement may pledge or assign any of the obligations or other moneys or investments, or interest accruing thereon, held in trust, which are in excess of the amount of the obligations and other moneys and investments held which is equal to the amount of the principal of the bonds to be refunded which comes due on the date for which the bonds may have been called for redemption or irrevocable instructions to ~~all~~--the call bonds for redemption have been given and any redemption premium thereon, for the payment of the principal of and interest on any or all of the refunding revenue bonds and any redemption premium thereon, and shall contain provisions for protecting and enforcing the rights and remedies of the holders of the revenue bonds. The refunding revenue bonds issued pursuant to this section shall not be general obligations of the municipal or quasi-municipal corporation, except as herein provided, and insofar as the same may be made applicable the issuance of the refunding revenue bonds, the security thereof, and the rights, duties and obligations of the municipal or quasi-municipal corporation in respect thereof, shall be governed by the laws governing such matters with respect to the bonds being refunded

and all other laws generally applicable to revenue bonds issued in this state by the municipal or quasi-municipal corporation.

Sec. 2. K.S.A. 10-131 is hereby amended to read as follows: 10-131. The governing body of any municipality, as defined in K.S.A. 10-101 and amendments thereto which has heretofore issued or may hereafter issue bonds for any purpose, is hereby authorized and empowered to invest any portion of the proceeds of said such bonds or funds held pursuant to the resolution or ordinance authorizing the issuance of such bonds, which is not currently needed, in: (a) Investments authorized by K.S.A. 12-1675, and amendments thereto, in the manner prescribed therein ~~or~~; (b) in direct obligations of the United States government or any agency thereof ~~or~~; (c) in the municipality's temporary notes issued pursuant to K.S.A. 10-123 ~~or~~ and amendments thereto; (d) in interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the municipality is located; or (e) in such other investments as the governing body shall determine in the resolution or ordinance authorizing the bonds. 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.

Sec. 3. K.S.A. 1986 Supp. 10-311 is hereby amended to read as follows: 10-311. (a) "Revenue bonds" mean bonds issued by any municipality to be paid ~~exclusively~~ from the revenue derived from the operation of a publicly owned utility, instrumentality or facility of a revenue producing character, or which are not general obligations of the issuing municipality.

(b) "Municipality" means any city, county, municipal or quasimunicipal corporation or other political subdivision of the state authorized to issue revenue bonds.

(c) Revenue bonds issued by a municipality shall not be included in computing the total bonded indebtedness of such

municipality for the purpose of determining the limitations on bonded indebtedness of such municipality.

Sec. 4. K.S.A. 1986 Supp. 10-427 is hereby amended to read as follows: 10-427. Every municipality of the state of Kansas is hereby authorized and empowered to refund any bonds, any interest on such bonds or both bonds and the interest thereon of the municipality and may issue refunding bonds of the municipality therefor. The municipality shall be governed by and subject to the provisions of article 1 of chapter 10 of the Kansas Statutes Annotated, and amendments thereto, so far as the same may be consistent with the provisions of this act. The principal amount of any issue of any refunding bonds shall not exceed the aggregate amount of: (a) The principal amount of the issue or issues or part thereof or interest being refunded; (b) the amount of any interest which has accrued or will accrue to the date of payment of the bonds being refunded; (c) the amount of any redemption premium required; (d) expenses of the municipality deemed by the governing body to be necessary for the issuance of the refunding bonds; and (e) in the event the proceeds from the sale of the refunding bonds are to be placed in escrow and invested, the interest to accrue on the refunding bonds from the date of delivery to the first or any subsequent available redemption date or dates selected by the governing body of the municipality, or to the date or dates of maturity, whichever is determined by the governing body to be most advantageous or necessary to the municipality.

Sec. 5. K.S.A. 1986 Supp. 10-427a is hereby amended to read as follows: 10-427a. (a) Refunding bonds issued under the authority of K.S.A. 10-427, and amendments thereto, may be sold or exchanged for the bonds being refunded either as a whole or in installments at any time either at, before or after the maturity of the bonds being refunded. Such bonds shall be exempt from statutory limitations of bonded indebtedness and shall not be included in computing the total bonded indebtedness of the municipality for the purpose of applying any statute limiting the

bonded indebtedness of the municipality.

(b) If refunding bonds are sold more than six months prior to the maturity or earliest prior redemption date of the bonds being refunded, the proceeds derived from the sale, together with any other moneys on hand, shall be placed in escrow under a trust agreement with a Kansas bank having full trust powers. The proceeds and moneys shall be invested in direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America or municipal obligations which are secured by direct obligations of the United States of America, and which shall mature or be subject to redemption by the holders thereof not later than the respective dates when the proceeds of the obligations together with the interest accruing thereon and any other moneys or investments held in escrow will be required for the purposes intended. The trust agreement shall pledge or assign the moneys and investments held in trust for the payment of the principal of and the interest on the bonds being refunded and any redemption premium and shall contain provisions for protecting and enforcing the rights and remedies of the holders of the bonds.

Sec. 6. K.S.A. 10-1009 is hereby amended to read as follows: 10-1009. The maximum stated rate of interest which may be fixed on bonds issued by a municipality or taxing subdivision of the state of Kansas shall be determined on the day the bonds are sold and shall not exceed the ~~20-bond~~ index of ~~tax--exempt municipal treasury~~ bonds published by the weekly Bond-Buyer Credit Markets, in New York, New York, on the Monday next preceding the day on which the bonds are sold, plus 2%.

The maximum rate of interest specified in this section shall be applicable to bonds issued after the effective date of this act pursuant to proceedings initiated either before or after the effective date of this act.

Sec. 7. K.S.A. 1986 Supp. 12-195 is hereby amended to read as follows: 12-195. (a) Except as otherwise provided in subsection (b), no city or county shall commit any of the funds

or proceeds derived from a retailers' sales tax as a guarantee for the payment of bonds issued by such city or county.

~~(b) The board of county commissioners of a county which imposes a countywide retailers' sales tax may issue revenue bonds payable from the proceeds thereof for the purpose of paying the state's share of the cost of highway improvement for which a federal share is to be received.~~

~~Any tax imposed pursuant to this subsection shall terminate whenever such revenue bonds and any interest thereon has been paid in full.~~

(b) Any city or county which is the recipient of funds derived from a local option sales tax pursuant to K.S.A. 12-187 et seq., and amendments thereto is hereby authorized to issue revenue bonds to provide for the payment of all or any portion of the cost of public facilities or improvements of such city or county for which such city or county is authorized pursuant to the constitution or laws of this state to issue general obligation bonds, excluding any facilities or improvements to be used for commercial or retail purposes.

(1) Such bonds shall be authorized by ordinance of the governing body of such city or resolution of the governing body of such county. The bonds may be issued as registered bonds or coupon bonds, payable to bearer, and, if coupon bonds, may be registrable as to principal only or as to principal and interest, and may be made exchangeable for bonds of another denomination or in another form. The bonds may be in such form and denominations, may have such date or dates, may be stated to mature at such time or times, may bear interest payable at such times and at such rate or rates, may be payable at such places within or without the state, may be subject to such terms of redemption in advance of maturity at such prices, and may contain such terms and conditions, all as the city or county shall determine. The bonds shall have all the qualities of and shall be deemed to be negotiable instruments under the laws of the state of Kansas. The authorizing ordinance or resolution may contain any other terms,

covenants and conditions that the city or county deems reasonable and desirable, including without limitation those pertaining to the maintenance of various funds and reserves, the nature and extent of any security for payment of the bonds, the custody and application of the proceeds of the bonds, the collection, transfer and disposition of sales tax revenues, the investing of bond proceeds or any funds pledged to the repayment of the bonds, and the rights, duties and obligations of the city or county and the owners of the bonds.

(2) The authorizing ordinance or resolution may provide for the execution of a trust indenture between the city or county and any financial institution within or without the state of Kansas. The trust indenture may contain any terms, covenants and conditions that are deemed desirable by the city or county.

(3) Any authorizing ordinance or resolution and trust indenture relating to the issuance of and security for the bonds shall constitute a contract between the city or county and the owners of the bonds, which contract, and all covenants, agreements and obligations therein, shall be promptly performed in strict compliance with the terms and provisions of such contract, and the covenants, agreements and obligations of the city or county may be enforced by mandamus or other appropriate proceeding at law or in equity. The pledge of revenues made by the city or county shall be valid and binding from the time when such pledge is made and the revenues so pledged and thereafter received by the city or county shall immediately be subject to the lien of such pledge without such physical delivery thereof or further act on the part of the city or county, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind against the issuer, irrespective of whether such parties have notice thereof. Neither the authorizing ordinance or resolution nor any other instrument by which a pledge is created need be filed or recorded except in the records of the city or county.

(4) The revenue bonds may be sold in such manner, either at

public or private sale, and upon such terms as the city or county shall determine to be reasonable, including sale at discount. It shall be plainly stated on the face of such bond that it has been issued under this act, that the bonds shall be special obligations of the city or county, payable solely and only from the revenues derived from the collection of such local sales taxes, and that, in no event, shall the bonds constitute an indebtedness of the state of Kansas or the city or county for which the faith and credit of the state of Kansas or city or county is pledged.

(5) Any bonds issued under the provisions of this section and the interest thereon, shall be exempt from all taxes levied by the state of Kansas, or any political or taxing subdivision thereof, except inheritance taxes.

(6) Bonds may be issued for the purpose of refunding, either at maturity or in advance of maturity, any bonds issued under this section. Such refunding bonds may either be sold or delivered in exchange for the bonds being refunded. If sold, the proceeds may either be applied to the payment of the bonds being refunded or deposited in trust and there maintained in cash or investments for the retirement of the bonds being refunded, as shall be specified by the city or county and the authorizing ordinance or resolution or trust indenture securing such refunding bonds. The authorizing ordinance or resolution or trust indenture securing the refunding bonds may provide that the refunding bonds shall have the same security for their payment as provided for the bonds being refunded. Refunding bonds shall be sold and secured in accordance with the provisions of this act pertaining to the sale and security of the bonds.

(7) Bonds issued under the provisions of this act shall be eligible to secure the deposit of public funds under article 14 of chapter 9 of the Kansas Statutes Annotated and amendments thereto.

(8) Bonds issued under the provisions of this act shall be in addition to and not subject to any statutory limitation of

bonded indebtedness imposed on such city or county.

New Sec. 8. (a) The following words, terms and phrases, when used in this section shall have the meanings respectively ascribed to them in this section:

(1) "Municipality" shall mean county, township, city, municipal university, school district, community college, drainage district, and any other similar political subdivision or taxing district of the state;

(2) "governing body" shall mean board of county commissioners of any county, township board of any township, mayor and councilmen or board of commissioners of any city, board of education of any school district, board of trustees of any community college, board of regents of any municipal university, board of directors of any drainage district and any other governing body or board of a municipality having authority under the laws of the state to create indebtedness against the municipality;

(3) "bonds" means any bonds, notes, debentures, interim certificates or other evidences of indebtedness issued by the municipality pursuant to this section;

(4) "short-term advance funding" means the financing of temporary cash shortfalls of a municipality based on the municipality's projected monthly income and expenditures and its surplus at the beginning of each fiscal year, and such shortfall is the result of the municipality's projected income being insufficient to meet the needs of its estimated expenditures, even though the aggregate income will exceed the aggregate expenditures for the fiscal year;

(5) "state" means the state of Kansas.

(b) (1) A municipality is hereby authorized and empowered to issue bonds from time to time in such amounts as shall be determined by the governing body of the municipality for the purpose of financing short-term advance funding of such municipality. The municipality is further authorized and empowered to use the proceeds of any bonds issued, together with

any other available funds, for the purpose of paying expenses of authorizing and issuing the bonds and funding such reserves as the municipality deems necessary and desirable.

(2) Such bonds shall be authorized by resolution of the governing body of such municipality. The bonds may be issued as registered bonds or coupon bonds, payable to bearer, and, if coupon bonds, may be registrable as to principal only or as to principal and interest, and may be made exchangeable for bonds of another denomination or in another form. The bonds may be in such form and denominations, may have such date or dates, may be stated to mature at such time or times, may bear interest payable at such times and at such rate or rates, may be payable at such places within or without the state, may be subject to such terms of redemption in advance of maturity at such prices, and may contain such terms and conditions, all as the municipality shall determine. The bonds shall have all the qualities of and shall be deemed to be negotiable instruments under the laws of the state of Kansas. The authorizing resolution may contain any other terms, covenants and conditions that the municipality deems reasonable and desirable, including without limitation those pertaining to the maintenance of various funds and reserves, the nature and extent of any security for payment of the bonds, the custody and application of the proceeds of the bonds, the collection and disposition of revenues pledged to the repayment of the bonds, the investing of bond proceeds or any funds pledged to the repayment of the bonds, and the rights, duties and obligations of the municipality and the owners of the bonds.

(3) The authorizing resolution may provide for the execution of a trust indenture between the municipality and any financial institution within or without the state of Kansas. The trust indenture may contain any terms, covenants and conditions that are deemed desirable by the municipality.

(4) Any authorizing resolution and trust indenture relating to the issuance of and security for the bonds shall constitute a contract between the municipality and the owners of the bonds,

which contract, and all covenants, agreements and obligations therein, shall be promptly performed in strict compliance with the terms and provisions of such contract, and the covenants, agreements and obligations of the municipality may be enforced by mandamus or other appropriate proceeding at law or in equity. The pledge of revenues made by the municipality shall be valid and binding from the time when such pledge is made and the revenues so pledged and thereafter received by the municipality shall immediately be subject to the lien of such pledge without such physical delivery thereof or further act on the part of the municipality, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind against the issuer, irrespective of whether such parties have notice thereof. Neither the authorizing resolution nor any other instrument by which a pledge is created need be filed or recorded except in the records of the municipality.

(5) The bonds may be sold in such manner, either at public or private sale, and upon such terms as the municipality shall determine to be reasonable, including sale at discount. It shall be plainly stated on the face of such bond that it has been issued under this section, that the bonds shall be special obligations of the municipality, payable solely and only from the revenues pledged by the municipality, and that, in no event, shall the bonds constitute an indebtedness of the state of Kansas or the municipality for which the faith and credit of the state of Kansas or municipality is pledged.

(6) Any bonds issued under the provisions of this section and the interest thereon, shall be exempt from all taxes levied by the state of Kansas, or any political or taxing subdivision thereof, except inheritance taxes.

(7) Bonds may be issued for the purpose of refunding, either at maturity or in advance of maturity, any bonds issued under this section. Such refunding bonds may either be sold or delivered in exchange for the bonds being refunded. If sold, the proceeds may either be applied to the payment of the bonds being

refunded or deposited in trust and there maintained in cash or investments for the retirement of the bonds being refunded, as shall be specified by the municipality and the authorizing resolution or trust indenture securing such refunding bonds. The authorizing resolution or trust indenture securing the refunding bonds may provide that the refunding bonds shall have the same security for their payment as provided for the bonds being refunded. Refunding bonds shall be sold and secured in accordance with the provisions of this section pertaining to the sale and security of the bonds.

(8) Bonds issued under the provisions of this section shall be eligible to secure the deposit of public funds under article 14 of chapter 9 of the Kansas Statutes Annotated and amendments thereto.

(9) Bonds issued under the provisions of this section shall be exempt from any statutory limitation of bonded indebtedness imposed on such municipality.

(10) The provisions of the cash basis and budget laws of the state shall not apply to any bonds issued under authority of this section in such a manner as to prevent the intention of this section from being made effective.

Sec. 9. (a) Any interlocal agreement entered into under the provisions of K.S.A. 12-2901 et seq., and amendments thereto, may authorize the creation of a separate legal entity to conduct the joint or cooperative action provided for in the agreement. Such separate legal entity shall constitute a body corporate and politic, and shall have, in addition to any other powers reasonably necessary to the exercise of its function under the agreement, the following powers to:

- (1) Sue and be sued in its corporate name;
- (2) take and hold any property, real or personal, in fee simple or otherwise;
- (3) sell, lease, lend or otherwise transfer any property or interest in property owned by it;
- (4) make contracts; and

(5) have and use a corporate seal.

Any such separate legal entity shall not constitute a municipality within the meaning of K.S.A. 10-1101, and amendments thereto, or a political subdivision of the state under any provision of the law of this state establishing limits on bonded indebtedness. The provisions of the cash-basis law and budget laws shall not apply to any obligations incurred by a public agency exercising powers under K.S.A. 12-2901 et seq., and amendments thereto, to the extent such obligations are incurred by such public agency to a separate legal entity created pursuant to K.S.A. 12-2901 et seq., and amendments thereto, by one or more public agencies in connection with the provision for the payment of claims against any public agency of this state caused by the negligent or wrongful act or omission of any of its employees under circumstances where any public agency would be liable for such claims, nor to any bonds, notes or other evidence of indebtedness issued in connection therewith.

(b) In addition to its other powers, any separate legal entity referred to in this section shall be authorized, subject to any limitations imposed by contract, to issue bonds, notes or other evidence of indebtedness, in its own name, on behalf of the public agencies that are parties to the agreement creating the separate legal entity. Such bonds, notes or other indebtedness may be payable from or secured by any property, interest or income of the separate legal entity, from whatever source derived, but shall not constitute a charge against or indebtedness of any public agency on behalf of which such bonds, notes or other indebtedness are issued. In issuing such bonds, notes or other indebtedness, the separate legal entity shall act as the constituted authority of the public agencies on behalf of which such bonds, notes or other indebtedness are issued, and the interest on such bonds, notes or other indebtedness shall be exempt from taxation under the laws of this state.

(c) The duration of any separate legal entity referred to in this section may be perpetual or as otherwise provided in the

agreement under which it was created; however, any property owned or held by such separate legal entity shall become the property of the public agencies that are parties to such agreement, according to the terms of that agreement or as otherwise determined according to equitable principles, if and when at any time no bond, note or other indebtedness of the authority is not currently outstanding and unpaid. No property of such separate legal entity shall inure to the benefit of any private individual, corporation or association other than for fair value received.

(d) Any separate legal entity referred to in this section may act by resolution, adopted by the affirmative vote of at least a majority of its members. The membership of such separate legal entity may be as provided in the agreement under which it was created, provided that the governing body of each public agency that is a party to such agreement is entitled to appoint at least one member and any successor to such member. The term of any member may be as provided in such agreement, but shall not be less than two years.

New Sec. 10. Any municipality, as the term is defined in K.S.A. 75-6102 and amendments thereto, may issue general obligation bonds for the purpose of paying the costs of procuring insurance to provide for the payment of claims against such municipality caused by the negligent or wrongful act or omission of any of its employees under circumstances which such municipality would be liable for such claims.

Sec. 11. K.S.A. 10-131 and 10-1009 and K.S.A. 1986 Supp. 10-116a, 10-311, 10-427, 10-427a and 12-195 are hereby repealed.

Sec. 12. This act shall take effect and be in force from and after its publication in the Kansas register.

Kansas State Board of Education

Kansas State Education Building

120 East 10th Street Topeka, Kansas 66612-1103

Mildred McMillon
District 1

Connie Hubbell
District 4

Bill Musick
District 6

Evelyn Whitcomb
District 8

Kathleen White
District 2

Sheila Frahm
District 5

Richard M. Robl
District 7

Robert J. Clemons
District 9

Paul D. Adams
District 3

March 24, 1987

Marion (Mick) Stevens
District 10

TO: Senate Committee on Economic Development
FROM: State Board of Education
SUBJECT: 1987 House Bill 2529

My name is Mildred McMillon, a member of the State Board of Education from Tonganoxie. I appreciate the opportunity to appear before this Committee on behalf of the State Board.

House Bill 2529 requires the Department of Commerce to establish a clearinghouse for information on educational and vocational training programs of value to the economic development of this state. The clearinghouse would be required to include information on expertise of faculty, and quality, number and location of postsecondary education programs and vocational education programs in areas of critical economic development.

The State Board believes this information could be of value to the Department of Commerce and would be glad to cooperate in that endeavor.

The State Board of Education recommends that you report House Bill 2529 favorably for passage.

Senate Committee on Economic Development

3-24-87

Attachment III

Kansas State Board of Education

Kansas State Education Building

120 East 10th Street Topeka, Kansas 66612-1103

Mildred McMillon
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March 24, 1987

Marion (Mick) Stevens
District 10

TO: Senate Committee on Economic Development
FROM: State Board of Education
SUBJECT: 1987 House Bill 2075

My name is Mildred McMillon, a member of the State Board of Education from Tonganoxie. I appreciate the opportunity to appear before this Committee on behalf of the State Board.

House Bill 2075 establishes the Kansas Training Information Program. The bill requires that on or before December 31 of each year the State Board of Education shall publish and distribute a report of the employment placement rates and average salary earned by persons completing vocational education programs in Kansas during the preceding fiscal year.

In addition, every vocational education institution and every proprietary school which desires to participate in this program shall on or before August 1 of each year transmit to the State Board of Education the social security number of each person who completed a vocational education program.

The State Board of Education supports the Kansas Training Information Program and recommends that you report House Bill 2075 favorably for passage.

Senate Committee on Economic Development
3-24-87

Attachment III