

Approved June 23, 1987
Date

MINUTES OF THE Senate COMMITTEE ON Ways and Means

The meeting was called to order by Senator August "Gus" Bogina at
Chairperson

11:00 a.m./~~p.m.~~ on April 9, 1987 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Ron Schweer, Ed Ahrens, Scott Rothe, Ramon Powers

Revisor's Office: Norman Furse

Committee Office: Judy Bromich, Pam Parker

Conferees appearing before the committee:

HB 2182 - FY 1988 Appropriations for agriculture and natural resources agencies

Senator Harder reviewed the Subcommittee Reports for SEctions 17, 18, and 19 in the FY 1987 Supplemental Appropriation bill, HB 2395, and Sections 2, 3, 4, 5, 6, 7, and 8 in HB 2182. Senator Harder moved, Senator Gannon seconded, to adopt the aforementioned Subcommittee Reports for HB 2395 and HB 2182. The motion passed on a voice vote.

Senator Harder moved, Senator Kerr seconded, to report HB 2395 and HB 2182, as amended, favorably for passage. The motion passed on a roll call vote.

SB 423 - Equipment acquisition for board of regents institutions; issuance of bonds; increase in student fees.

Following Committee discussion of SB 423, Senator Johnston moved, Senator Gannon seconded, the adoption of amendments outlined on the balloon draft. (Attachment 1) The motion carried on a voice vote and Senator Harder voted against the motion.

Senator Gaines made a conceptual motion that there must be a vote of the student body in order to raise student fees to sell bonds and purchase equipment on a campus by campus basis. Senator Feleciano seconded the motion. The motion passed on voice vote.

Senator Kerr moved, Senator Werts seconded, that the Board of Regents must not issue bonds for a longer period than the projected, useful life of the equipment or books to be purchased. During discussion, Senator Johnston made a substitute motion that before any issue can be sold, the Board of Regents must have the approval of the Finance Council for both the issue and the plan associated with the expenditure and allocation of funds. The substitute motion passed by voice vote.

Final action on SB 423 was delayed for further technical amendment proposals.

Senator Werts moved, Senator Doyen seconded, the introduction of bill draft 7 RS 1459, an act authorizing the state board of regents to sell certain real estate in Riley county; imposing conditions thereon. The motion passed on a voice vote.

The Chairman adjourned the meeting at 12:15 p.m.

SENATE BILL No. 423

By Committee on Ways and Means

4-6

ATTACHMENT 1
SENATE WAYS AND MEANS 4/9/87

0017 AN ACT concerning acquisition of equipment for institutions
0018 under the state board of regents; increase of student fees;
0019 issuance of revenue bonds.

0020 *Be it enacted by the Legislature of the State of Kansas:*

0021 Section 1. As used in this act, unless the context otherwise
0022 requires:

0023 (a) "State educational institution" and "institution" means
0024 the same as is provided by K.S.A. 76-711(a) in its definition of
0025 state educational institution.

0026 (b) "Board of regents" and "board" means the same as is
0027 provided by K.S.A. 76-711(b) in its definition of board of regents.

0028 (c) "Equipment" means any personal property, including
0029 without limitation, books, laboratory equipment, computer
0030 hardware and software and any other improvements of all types,
0031 to be for use in the direct learning environment to support
0032 academic instruction and research, at state educational institu-
0033 tions.

(d) "Revenues" mean the special tuition, fees and
charges imposed by state educational institutions
in accordance with section 2.

0034 Sec. 2. The state board of regents is hereby authorized to
0035 increase, adjust and fix tuition, fees and charges to be collected
0036 by each state educational institution in an amount necessary to
0037 provide moneys necessary for payment of principal, interest and
0038 other costs of revenue bonds issued by the board for the acqui-
0039 sition of equipment pursuant to this act.

In addition to other authority allowed by law
special
amounts

0040 ~~Sec. 3. At any time after the board has increased, adjusted~~
0041 ~~and fixed tuition, fees and charges for the purpose authorized by~~
0042 ~~section 1, the board may issue revenue bonds for the purposes of~~
0043 ~~acquiring equipment. Such bonds shall be payable solely from~~
0044 ~~revenues derived from such tuition, fees and charges and may~~
0045 ~~pledge the proceeds of a designated part thereof to the payment~~

The tuition, fees and charges authorized by
this act to be charged and collected by the
board shall be in addition to other fees
charged and collected by it, or under its
authority.

0046 ~~of such bonds and the principal and interest thereon.~~

0047 Sec. ~~4.~~ (a) ~~Proceeds from bonds issued under this act shall be~~ 3

0048 ~~used for the acquisition of equipment as provided in this act.~~ The
0049 board shall adopt policies for the institutions in the use of such ~~_____ revenue bond~~ the bond proceeds

0050 proceeds to require that ~~they~~ supplement the finances of the ~~_____ revenue~~

0051 institution for the acquisition of equipment. Proceeds of ~~bonds~~
0052 may be expended only for the costs of equipment which exceed
0053 the average ~~(mean)~~ amount expended from ~~the state general fund~~ _____ appropriations

0054 by such institution in the preceding four years for equipment. _____ procedures

0055 Each institution shall adopt ~~policies~~ subject to approval of the
0056 board for the implementation of this act.

0057 (b) Each institution shall create an advisory committee com-
0058 prised of students, faculty and administrative officers of the
0059 institution for the purpose of adopting a plan for the acquisition
0060 of equipment pursuant to this act.

0061 (c) Moneys ~~to be all allocated to institutions pursuant to this~~ from bond proceeds and other funds pledged
0062 act shall be allocated and expended ~~as follows:~~ pursuant to this act

0063 ~~(1) Twenty percent of such moneys shall be allocated to the~~
0064 ~~university of Kansas;~~

0065 ~~(2) twenty percent of such moneys shall be allocated to~~
0066 ~~Kansas state university of agriculture and applied sciences;~~

0067 ~~(3) twenty percent of such moneys shall be allocated to~~
0068 ~~Wichita state university;~~

0069 ~~(4) ten and one-half percent of such moneys shall be allo-~~
0070 ~~cated to Emporia state university;~~

0071 ~~(5) ten and one-half percent of such moneys shall be allo-~~
0072 ~~cated to Fort Hays state university;~~

0073 ~~(6) ten and one-half percent of such moneys shall be allo-~~
0074 ~~cated to Pittsburg state university, and~~

0075 ~~(7) eight and one-half percent of such moneys shall be allo-~~ in accordance with policies established
0076 ~~cated to the Kansas technical institute at Salina;~~ by the board of regents..

0077 ~~(d) The terms of bonds issued under this act shall be deter-~~
0078 ~~mined by the board but shall not exceed 20 years.~~

0079 Sec. ~~5.~~ All ~~moneys~~ collected by the board under the provi- 4 revenues and other funds
0080 sions of section 2 shall be deposited monthly ~~with the state~~ in a special fund
0081 treasurer, who shall act as and be the custodian thereof for and on
0082 behalf of the board. Every such deposit shall be accompanied by

0084 detailed statement showing the amount of such deposit which
0085 has been collected from ~~and for the acquisition of equipment.~~

revenues

0086 The director of accounts and reports shall draw warrants upon
0087 the treasurer of state against ~~the funds created by this section~~

such revenues

0088 upon the filing of duly itemized and verified vouchers approved
0089 by the ~~secretary~~ of the board. ~~Nothing contained in this section~~

executive officer

0090 shall be construed as placing in the state treasury any money
0091 collected ~~under this act and the legislature hereby declares that~~

revenues

0092 it does not intend to make such moneys subject to the provisions
0093 of section 24 of article 2 of the Kansas constitution.

or other moneys deposited

The board is authorized to make all contracts and execute all instruments which in its discretion may be deemed necessary or advisable to provide for the acquisition of such equipment.

0094 ~~Sec. 6. The fees and charges authorized by this act to be~~
0095 ~~charged and collected by the board shall be in addition to other~~

0096 ~~fees charged and collected by it, or under its authority.~~

0097 ~~Sec. 7. Nothing contained in this act shall authorize or~~
0098 ~~empower the board to incur any indebtedness against the board,~~

0099 ~~or any of the institutions under its control, or against the state of~~
0100 ~~Kansas, and the entire obligation of the board shall be limited to~~

0101 ~~the charging and collecting the tuition, fees and charges as~~
0102 ~~provided by section 2 and to the application of the fees and~~

5

0103 ~~charges so collected in the manner prescribed by section 5.~~
0104 Sec. 8. (a) For the purpose of paying all or part of the cost of

the board

0105 acquisition of equipment, the board is authorized to issue and
0106 sell revenue bonds ~~as herein defined~~ in an amount which it

0107 deems necessary for that purpose. ~~At or prior to the issuance of~~
0108 such revenue bonds, the board:

0109 (1) Shall pledge ~~either the revenues to be derived from~~
0110 ~~student tuition, fees or charges, or any combination thereof,~~ to
0111 the payment of principal and interest on such revenue bonds;

0112 and
0113 (2) shall covenant to fix, maintain and collect such ~~tuition,~~

revenues

0114 ~~fees and charges~~ as will produce ~~revenues~~ sufficient to pay the

funds

0115 reasonable cost of service of such bonds and a sinking fund in an
0116 amount adequate to promptly pay both principal and interest on
0117 such bonds and to provide a reasonable reserve fund.

0118 (b) In addition to the ~~revenues described in subsection (a),~~
0119 the board in its discretion may pledge ~~to the payment of the~~
0120 principal and interest on such revenue bonds ~~either one or both~~

the proceeds of any grant-in-aid or the income therefrom

Issuance of revenue bonds for which revenues are to be collected at a particular state educational institution shall be subject to prior approval of the students at such state educational institution. Such question of issuance of revenue bonds shall be separately determined for each state educational institution. Such student approval shall be solicited and given under procedures prescribed by the state board of regents and when so given shall be conclusive. Before any revenue bonds are issued under this act, the state board of regents shall first obtain the approval by the state finance council of (1) such issue of revenue bonds, (2) the plans for acquisition of equipment with the proceeds of such bonds, and (3) the allocation of costs of payment of the bond principal, interest and other costs among the state educational institutions.

20 ~~of the following:~~

0121 ~~(1) The proceeds of any grant in aid or the income therefrom~~
0122 ~~of equipment which may be received from any source whether~~
0123 ~~such grant is made directly or in trust, or~~

0124 ~~(2) the net income and revenue arising from the operation of~~
0125 ~~equipment as herein defined, already owned and operated by~~
0126 ~~the board or institution.~~

0127 (c) If more than one series of bonds is issued hereunder
0128 payable from ~~the net income and revenues of any such equip-~~
0129 ~~ment~~, priority of lien thereof on such ~~net income and~~ revenues
0130 shall depend on the provisions of the proceedings authorizing
0131 the issuance of such bonds, it being within the discretion of the
0132 board, at the time it authorized the first such series, to provide
0133 that:

0134 (1) Subsequent series of bonds payable from such ~~net income-~~
0135 ~~and~~ revenues may not be issued;

0136 (2) subsequent series of bonds shall be subordinate as to lien;
0137 or

0138 (3) subsequent series of bonds shall enjoy parity of lien if
0139 such conditions and restrictions as may be specified in such
0140 proceedings can be met.

0141 Sec. 9. Revenue bonds issued under this act shall not be an
0142 indebtedness of the state of Kansas, ~~or of the board of regents, or~~
0143 of the individual members of the board, and shall not constitute
0144 an indebtedness within the meaning of any constitutional or
0145 statutory limitation upon the incurring of indebtedness.

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be payable solely from revenues or other funds pledged by the board under this act and shall

0146 Sec. 10. Revenue bonds issued under this act shall have all
0147 of the qualities and incidents of negotiable instruments, may be
0148 issued in one or more series, may bear such date or dates, may
0149 mature at such time or times not exceeding 20 years from their
0150 date, may be in such denomination or denominations, may be in
0151 such form, may carry such registration and conversion privileges,
0152 may be executed in such manner, may be payable in such
0153 medium of payment at the fiscal agency of the state of Kansas,
0154 may be subject to such terms of redemption, with or without
0155 premium, ~~and~~ such bonds shall be registered with the state
0156 treasurer of the state of Kansas. The rate of interest on bonds

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as shall be determined by the board in the resolution authorizing the bonds

0 issued by the state board of regents under the provisions of this
 0158 act shall be determined by competitive bidding, ~~with sealed~~
 0159 ~~proposals, after proper notice, and bidders shall specify the~~
 0160 ~~lowest interest rate or rates on such bonds at which they will pay~~
 0161 ~~not less than par and accrued interest. The bonds shall be sold to~~
 0162 ~~the bidder bidding the lowest and best interest rate notwith-~~
 0163 ~~standing any law of this state limiting the rate of interest, or, the~~
 0164 ~~bonds may be allotted among the bidders; however, all bids may~~
 0165 ~~be rejected.~~ Bonds issued under the provisions of this act may
 0166 bear such rate or rates of interest, not exceeding the maximum
 0167 rate of interest prescribed by K.S.A. 10-1009 and amendments
 0168 thereto, ~~being provided by resolution or resolutions adopted by~~
 0169 ~~such board.~~

0170 Such bonds may be sold ~~in such manner and~~ at such price or
 0171 prices not less than par and accrued interest to date of delivery as
 0172 may be considered advisable by the board. ~~The board may in any~~
 0173 ~~resolution authorizing bonds provide for the initial issuance of~~
 0174 ~~one or more bonds (in this section called "installment bonds")~~
 0175 ~~and may make such provisions for installment payments of the~~
 0176 ~~principal amount of any such installment bond as it may consider~~
 0177 ~~desirable and may provide for the making of any such install-~~
 0178 ~~ment bond registrable as to principal or as to both principal and~~
 0179 ~~interest. The board may further make provision in such resolu-~~
 0180 ~~tion for the manner and circumstances in and under which any~~
 0181 ~~such installment bond may in the future, at the request of the~~
 0182 ~~holder thereof, be converted into bonds of smaller denomina-~~
 0183 ~~tions, which bonds of smaller denominations.~~

0184 ~~Sec. 11.~~ (a) The board may issue revenue bonds under this
 0185 section for the purpose of refunding outstanding revenue bonds
 0186 ~~issued under section 3~~ or may issue revenue bonds under this
 0187 section for the combined purposes of refunding such outstanding
 0188 revenue bonds and the acquisition of equipment. Bonds issued
 0189 under this section for refunding purposes and any bonds issued
 0190 for other purposes under the provisions of ~~section 3~~ which are
 0 issued in combination with bonds issued under this section for
 0192 refunding purposes may be sold at public or private sale at such
 0193 price as the board may determine. Bonds issued under this

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this act

this act

0194 section for refunding purposes may be delivered in exchange for
 0195 the outstanding bonds being refunded or, if sold, the proceeds
 0196 either may be applied to the payment of the bonds refunded or
 0197 may be deposited in escrow for the retirement thereof.

0198 (b) All bonds issued under this section shall be secured in
 0199 the manner provided for other bonds issued under section 3 and
 0200 shall have all of the attributes of such bonds. The board may
 0201 provide that any such refunding bonds shall have the same
 0202 priority of lien on the revenues pledged for their payment that
 0203 was enjoyed by the obligations refunded thereby.

0204 ~~Sec. 12.~~ (a) In order to secure the prompt payment of the
 0205 principal and interest on such revenue bonds and the proper
 0206 application of the revenue pledged thereto, the board is autho-
 0207 rized by appropriate provisions in the resolution authorizing the
 0208 bonds or in other resolutions:

0209 (1) To covenant as to the use and disposition of the proceeds
 0210 of the sale of such bonds;

0211 (2) to covenant as to the operation of equipment and the
 0212 collection and disposition of the revenues ~~derived from such~~
 0213 ~~operation;~~

0214 (3) to covenant as to the rights, liabilities, powers and duties
 0215 arising from the pledge of any covenant and agreement into
 0216 which it may enter in authorizing and issuing the bonds;

0217 (4) to covenant and agree to carry such insurance on the
 0218 equipment and the use thereof as may be considered desirable,
 0219 and in its discretion to provide that the cost of such insurance
 0220 shall be considered a part of the expense of operating the
 0221 equipment; _____ and

0222 ~~(5) to fix rents, charges and fees to be imposed in connection~~
 0223 ~~with and for the use of the equipment, which rents, charges and~~
 0224 ~~fees shall be considered to be income and revenues derived from~~
 0225 ~~the operation of the equipment and are hereby expressly re-~~
 0226 ~~quired to be fully sufficient to assure the prompt payment of~~
 0227 ~~principal and interest on the bonds as each becomes due, and to~~
 0228 ~~make and enforce such rules and regulations with reference to~~
 0229 ~~the use of the equipment and with reference to requiring any~~
 0230 ~~class or classes of students to use the equipment as it deems~~

this act

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desirable for the welfare of the institution and its students or for
 0232 the accomplishment of the purposes of this act.

0233 ~~(6) to covenant against the issuance of any other obligations~~
 0234 ~~payable on a parity from the revenues to be derived from the~~
 0235 ~~equipment or from the revenues to be derived from student fees~~
 0236 ~~in the case of equipment to be acquired by the state board of~~
 0237 ~~regents when the revenue bonds are to be financed in whole or~~
 0238 ~~in part by revenues derived from student fees and not by the~~
 0239 ~~gross or net income or revenues of such equipment, and~~

0240 ~~(7) to make covenants other than and in addition to those~~ (5)
 0241 herein expressly mentioned of such character as may be consid-
 0242 ered necessary or advisable to effect the purposes of this act.

0243 (b) All such agreements and covenants entered into by the
 0244 board shall be binding in all respects upon the board and its
 0245 officials, agents, employees, and upon its successors, and all such
 0246 agreements and covenants shall be enforceable by appropriate
 0247 action or suit at law or in equity which may be brought by any
 0248 holder ~~or holders~~ of bonds issued hereunder against the board, or
 0249 its officials, agents, employees, or its successors. ~~The rents,~~
 0250 ~~charges and fees to be imposed under the provisions of this act~~
 0251 ~~shall not be limited by the provisions of any prior act.~~

0252 ~~Sec. 13. The proceeds derived from the sale of the bonds~~
 0253 ~~herein authorized shall be deposited to the credit of the board in~~
 0254 ~~a bank, banks or other depositories designated by the board and~~
 0255 ~~kept in a separate fund and used solely for the purpose for which~~
 0256 ~~the bonds are authorized. The board is authorized to make all~~
 0257 ~~contracts and execute all instruments which in its discretion may~~
 0258 ~~be deemed necessary or advisable to provide for the acquisition~~
 0259 ~~of such equipment, and to provide for the manner of disburse-~~
 0260 ~~ment of the funds for such purposes. Nothing contained in this~~
 0261 ~~act shall be construed as placing in the state treasury any money~~
 0262 ~~collected under this act or requiring such action, and the legis-~~
 0263 ~~lature hereby declares that funds deposited hereunder shall not~~
 0264 ~~be subject to the provisions of section 24 of article 2 of the Kansas~~
 constitution.

0206 ~~Sec. 14. (a) All income and revenues which are pledged to~~
 0267 ~~the payment of principal and interest on revenue bonds and~~

0268 ~~which are derived from the operation of equipment under the~~
 0269 ~~provisions of this act shall be deposited monthly in a bank, banks~~
 0270 ~~or other depositories designated by the board and shall be~~
 0271 ~~applied solely to pay the reasonable cost of operating and main-~~
 0272 ~~taining such equipment, any expenses incurred which are asso-~~
 0273 ~~ciated with issuance and sale of the bonds, including applicable~~
 0274 ~~fiscal agency charges, and the principal and interest and reserve~~
 0275 ~~fund requirements on the bonds issued hereunder. As principal~~
 0276 ~~and interest on such bonds become due from time to time, and~~
 0277 ~~not less than 15 days prior to the payment date thereof, there~~
 0278 ~~shall be transmitted to the paying agent for the bonds, money~~
 0279 ~~from the fund in an amount sufficient to pay the principal or~~
 0280 ~~interest so falling due. The fund and the money therein is hereby~~
 0281 ~~irrevocably pledged to such purposes.~~

0282 ~~(b) In the case of equipment to be acquired for an institution~~
 0283 ~~under the control and supervision of the state board of regents for~~
 0284 ~~which the revenues derived from student fees are pledged to the~~
 0285 ~~payment of principal and interest on revenue bonds issued~~
 0286 ~~therefor, all revenues derived from such student fees shall be~~
 0287 ~~deposited monthly in a bank, banks or other depositories desig-~~
 0288 ~~nated by the state board of regents and shall be applied solely to~~
 0289 ~~pay the reasonable cost of operating and maintaining such~~
 0290 ~~equipment, any expenses incurred which are associated with~~
 0291 ~~issuance and sale of the bonds, including applicable fiscal~~
 0292 ~~agency charges, and the principal and interest and reserve fund~~
 0293 ~~requirements on the bonds issued hereunder for the equipment.~~
 0294 ~~As principal and interest on such bonds become due from time to~~
 0295 ~~time, and not less than 15 days prior to the payment date thereof,~~
 0296 ~~there shall be transmitted to the paying agent for the bonds,~~
 0297 ~~money from the fund in an amount sufficient to pay the reason-~~
 0298 ~~able cost of operating and maintaining such equipment and the~~
 0299 ~~principal or interest so falling due. The fund and the money~~
 0300 ~~therein is hereby irrevocably pledged to such purposes.~~

0301 Sec. 15. The revenue bonds issued hereunder and the in-
 0302 come derived therefrom are and shall be exempt from all state,
 0303 county and municipal taxation in the state of Kansas, except
 0304 inheritance taxes of the state of Kansas.

Sec. 10. Except when otherwise required by the provisions of this act, the board may authorize the pooled money investment board to invest and reinvest revenues in obligations authorized by the board and bond proceeds in obligations authorized by the resolution authorizing the bonds. All moneys received as interest upon moneys invested pursuant to this section shall be credited to the fund from which the moneys invested originated.

0306 / Sec. 16. Any officer or officers, board or boards, having
0307 charge of any sinking fund or any other fund of the state of
0308 Kansas, or any department, agency or institution thereof, or any
0309 county, municipality or other public corporation or political
0310 subdivision, may invest such funds in bonds issued under the
0311 provisions of this act. Any bank, trust or insurance company
0312 organized under the laws of the state of Kansas may invest in
0313 bonds issued under the provisions of this act. Such bonds shall
0314 also be approved as collateral security for the deposit of any
0315 public funds and for the investment of trust funds.

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0315 Sec. 17. This act constitutes full and complete authority for
0316 the purposes set out therein, and no procedure or proceedings
0317 other than those required by this act shall be necessary for the
0318 performance of the provisions hereof. The powers conferred by
0319 this act shall be in addition and supplemental to and not in
0320 substitution for, and the limitations imposed by this act shall not
0321 affect, the powers conferred by any other law. The provisions of
0322 this act are severable, and if any provision, section, subsection,
0323 sentence, clause or phrase of this act, including, but not limited
0324 to the provisions relating to any of the sources of revenues for
0325 payment of bonds authorized pursuant to this act, be for any
0326 reason held to be unconstitutional or otherwise invalid by any
0327 court of competent jurisdiction, such decision shall not affect the
0328 validity of the remaining portions of this act; and the legislature
0329 hereby declares that it would have passed this act and each
0330 provision, section, subsection, sentence, clause or phrase thereof
0331 irrespective of the fact that any one or more of the same shall be
0332 declared invalid.

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0333 Sec. 18. This act shall take effect and be in force from and
0334 after its publication in the statute book.

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Kansas register