

Approved January 25, 1989
Date

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT

The meeting was called to order by Sen. Don Montgomery at
Chairperson

9:00 a.m./~~p.m.~~ on January 18, 1989 in room 531-N of the Capitol.

All members were present except:

Senators Langworthy, Gaines, and Steineger - Excused

Committee staff present:

Mike Heim, Legislative Research
Theresa Kiernan, Revisor of Statutes

Conferees appearing before the committee:

Ernie Mosher, League of Kansas Municipalities
Gerry Ray, Johnson County Board of Commissioners

The Chairman began the meeting with a welcome to the committee. He also noted that the last day for individual requests for the introduction of bills is January 23, and the last day for committee requests for the introduction of bills is February 20.

Ernie Mosher, League of Kansas Municipalities, appeared to request the introduction of four bills. (See Attachments I through IV.)

Sen. Ehrlich made a motion that the bills be introduced and referred back to committee, Sen. Petty seconded, and the motion carried.

Gerry Ray, Johnson County Board of Commissioners, followed with requests for the introduction of two bills. (See Attachments V and VI.)

Sen. Burke made a motion that the bills be introduced and referred back to committee, Sen. Ehrlich seconded, and the motion carried.

The Chairman announced that there will be hearings on SB 14, relating to the privatization of certain capital intensive public services, next Wednesday for proponents and next Thursday for opponents and possible committee discussion.

The meeting was adjourned.



League of Kansas Municipalities

Municipal Legislative Testimony

An Instrumentality of its Member Kansas Cities. 112 West Seventh Street, Topeka, Kansas 66603 Area 913-354-9565

January 18, 1989

Boards of Municipal Group-Funded Risk Pools

The League requests the Committee on Local Government to introduce a bill to amend K.S.A. Supp. 12-2627 to remove the maximum number permitted on the board of trustees of a municipal group-funded risk pool.

Background. K.S.A. Supp. 12-2616 et seq. was enacted in 1987 to regulate municipal risk pools, sometimes called insurance pools. K.S.A. Supp. 12-2627 requires the board of trustees to have not less than three nor more than 11 persons. Members of the Kansas Intergovernmental Risk Management Agency (KIRMA) want more discretion as to the number of trustees. KIRMA is a legally constituted but currently non-operating group of 31 Kansas cities which adopted an interlocal cooperation agreement to form a joint risk management and risk coverage public pool.

Advantages. Eliminating the maximum would provide the member governments of a group-funded pool with discretion as to the number of members on the board of trustees. This would permit the member local governments to determine the number of trustees based on the number and size of the participants, area, types of local units which become members in the future and other factors the member governments deem important.

S/LG

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Attachment I

*President: Douglas S. Wright, Mayor, Topeka * Vice President: Irene B. French, Mayor, Merriam * Past President: Carl Dean Holmes, Mayor, Plains
* Directors: Margo Boulanger, Mayor, Sedan * Nancy R. Denning, Commissioner, Manhattan * Ed Eilert, Mayor, Overland Park * Greg Ferris, Councilmember, Wichita * Frances J. Garcia, Commissioner, Hutchinson * William J. Goering, City Clerk/Administrator, McPherson * Jesse Jackson, Commissioner, Chanute * Richard U. Nienstedt, City Manager, Concordia * David E. Retter, City Attorney, Concordia * Judy M. Sargent, City Manager, Russell * Joseph E. Steiner, Mayor, Kansas City * Bonnie Talley, Commissioner, Garden City * Executive Director: E.A. Mosher*

12-2627. Board of trustees of pool, qualifications, duties; administrator, bond; audits; credit transactions; delegation of authority from board to administrator. To ensure the financial stability of the operations of each group-funded pool, the board of trustees of each pool is responsible for all operations of the pool. The board of trustees shall consist of not less than three ~~not more than 11~~ persons selected according to the bylaws of the pool for stated terms of office to direct the administration of a pool, and whose duties include approving applications by new members of the pool. The majority of the trustees must be a member of the governing body or an officer or employee of members of the pool, but a trustee may not be an owner, officer or employee of any service agent or representative. All trustees shall be residents of this state. The board of trustees of each fund shall take all necessary precautions to safeguard the assets of the fund, including all of the following:

(a) Designate an administrator to administer the financial affairs of the pool who shall furnish a fidelity bond to the pool in an amount determined by the trustees to protect the pool against the misappropriation or misuse of any moneys or securities. The administrator shall file evidence of the bond with the commissioner. The bond shall be one of the conditions required for approval of the establishment and continued operation of a pool. Any administrator so designated shall be a resident of Kansas if an individual or shall be authorized to do business in Kansas if a corporation.

(b) Retain control of all moneys collected or disbursed from the pool and segregate all moneys into a claims fund account and an administrative fund account. All administrative costs and other disbursements shall be made from the administrative fund account. The trustees may establish a revolving fund for use

by the authorized service agent which is replenished from time to time from the claims fund account. The service agent and its employees shall be covered by a fidelity bond, with the pool as obligee, in an amount sufficient to protect all moneys placed in the revolving fund.

(c) Audit the accounts and records of the pool annually or at any time as required. The commissioner shall prescribe the type of audits and a uniform accounting system for use by pool and service agents to determine the ability of the pool to pay current and future claims.

(d) The trustees shall not extend credit to individual members for any purpose.

(e) The board of trustees shall not borrow any moneys from the pool or in the name of the pool without advising the commissioner of the nature and purpose of the loan.

(f) The board of trustees may delegate authority for specific functions to the administrator of the pool. The functions which the board may delegate include such matters as contracting with a service agent, determining the premium chargeable to and refunds payable to members, investing surplus moneys and approving applications for membership. The board of trustees shall specifically define all authority it delegates in the written minutes of the trustees' meetings. Any delegation of authority shall not be effective without a formal resolution passed by the trustees.

History: L. 1987, ch. 74, § 12; May 28.



League of Kansas Municipalities

Municipal Legislative Testimony

An Instrumentality of its Member Kansas Cities. 112 West Seventh Street, Topeka, Kansas 66603 Area 913-354-9565

January 18, 1989

Municipal Non-Appropriated Budget Balances

The League requests the Committee on Local Government to introduce a bill to amend K.S.A. 79-2927 to specifically authorize municipalities to annually budget a non-appropriated reserve balance of not exceeding 10 percent of the budget total. The League's convention-adopted Statement of Municipal Policy provides: "provisions should be made for authorizing non-appropriated fund balance reserves within the annual budget".

Explanation of Bill. The attached proposed amendment to K.S.A. 79-2927 makes a number of minor, non-substantive changes to this statute, originally enacted in 1933. The substantive change is to add, at the end of the first paragraph, the following: "and any amount included as a non-appropriated balance shall not exceed 10 percent of the total of each fund." This clause would follow a provision now authorizing the budgeting of not to exceed 10 percent "for sundry or miscellaneous purposes".

The bill does not change the provisions of K.S.A. 79-2934, which requires balances at the end of the budget year to be carried forward to the credit of the fund for the ensuing budget year. If, for example, \$50,000 was budgeted in the general fund for 1990 as a non-appropriated balance, that \$50,000 would need to be included as a revenue in the budget for 1991 and be appropriated for expenditure in 1991.

Background. Unlike the state government, local governments must budget, in a single document adopted by the governing body, the amount of estimated revenues to be received as well as the amount which may be legally spent. The local budget law does not make any provision for municipalities to have a surplus, cushion or other reserve within the adopted operating budget, since the budget of expenditures for each fund must balance with the budget of revenues.

In practice, most municipalities intentionally budget an end-of-the-year balance. One reason for this is that revenues and expenditures are uncertain, and they do not like to go to the state board of tax appeals to beg for emergency warrants. Secondly, the property tax levy is the balancing item for most municipal funds, and some governing bodies like to maintain a planned surplus to help stabilize property tax rates.

There are now two ways a municipality may lawfully maintain a reserve within their operating funds. The first way is to deliberately underestimate revenues, and overestimate expenditures. Another way to achieve a balance is to include an amount, up to 10 percent, for the authorized "sundry or miscellaneous purposes", and then not spend it.

Both of these techniques have some shortcomings. The unidentified surplus (from under-budgeted revenues and over-budgeted expenditures) does not become known to the public, and may not be fully known by the governing body, since its identity is buried. The problem with using the "sundry or miscellaneous" account is that it is really intended as a budget item for expenditure during the budget year, not as a planned reserve amount.

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Attachment II

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In general, the present method of implementing planned reserves encourages municipalities to present unrealistic budgets, which may be confusing to the municipal policymakers and, by being buried in the numbers, are unknown to the public.

Advantages of Bill. Authorizing municipalities to specifically budget up to 10 percent of a fund total for a non-appropriated balance would encourage multi-year financial planning. It would explicitly authorize by law that which is now achieved by burying the amount of any balance in a mass of numbers. The elected governing body which adopts the budget would have a clear policy choice as to whether they want to plan for a reserve, and the amount. And if they do, they will need to defend this to the public and taxpayers since the amount of the budgeted surplus will be known.

79-2927. Itemized budget; parallel columns showing corresponding items and revenue; balanced budget required. The governing body of each taxing subdivision or municipality shall meet not later than the first day of August of each year, and shall ~~respectively make~~ prepare in writing on forms furnished by the director of accounts and reports a budget properly itemized and classified by funds and showing all amounts of ~~money~~ to be raised by taxation and from all other sources for the ensuing budget year. The budget shall show in parallel columns all amounts and items ~~included and~~ to be expended for the ensuing budget year and the amount appropriated for corresponding or other items during the current budget year and all amounts expended for corresponding or other items during the preceding budget year. ~~In the preparation of budgets for all taxing subdivisions or municipalities, there shall not be included any item for sundry or miscellaneous purposes in excess of ten percent (10%) of the total amount of any such budget.~~

The budget for each fund shall show in parallel columns the amount of revenue actually received from taxation and from ~~sources other than direct taxation~~ other, with the amount from each source separately stated for the preceding budget year and the amount actually ~~received plus the amount estimated to be received from taxation and from sources other than direct taxation~~ and received from taxation and from sources other than direct taxation with the amount for each source separately stated for the current budget year and also the amount estimated to be received from taxes and from other sources during the ensuing budget year, with the amount estimated to be received from each source separately stated. The budget of expenditures for each fund shall balance with the budget of revenues for such fund and that portion of the budget of revenues to be derived from ad valorem property taxation shall not exceed ~~the amount of tax which can be raised by the fund limit or by the limitation placed upon such fund by the aggregate limit~~ any aggregate limit.

and any amount included as a non-appropriated balance shall not exceed 10 percent of the total of each fund.



**League
of Kansas
Municipalities**

**Municipal
Legislative
Testimony**

An Instrumentality of its Member Kansas Cities. 112 West Seventh Street, Topeka, Kansas 66603 Area 913-354-9565

January 18, 1989

Financing of Municipal Temporary Notes

The League requests the Local Government Committee to introduce a bill relating to the financing of municipal temporary notes. The League's convention-adopted Statement of Municipal Policy provides: "K.S.A. 10-123 should be amended to specifically authorize cities to make payments on temporary notes from sources of revenue other than the issuance of bonds".

Further, it is proposed that certain provisions of this statute relating to "road bonds" be clarified and expanded as to the financing of projects involving state and federal grants.

Background

Temporary Note Financing. Most major capital improvements undertaken by Kansas local governments are financed by the issuance of bonds. For public improvements for which the issuance of general obligation bonds are authorized, K.S.A. 10-123 provides for the issuance of temporary notes for the short term financing of project costs, with the bonds normally issued after completion of the project when the complete costs are known.

In some instances, it is financially feasible and advisable for a municipality to retire some or all of the temporary notes directly from current revenue sources, thereby reducing the amount of the bonds or avoiding the added legal costs of issuing bonds. Since temporary notes must mature not later than four years from the date of issuance, the exclusive use of temporary notes to finance a project, without a subsequent bond issue, is restricted to those projects which can be fully financed within the four year limitation.

It is known that some local governments have issued temporary notes with the expectation that some or all of the notes may be retired from current sources without the issuance of bonds. However, existing law appears to require a governing body intent to issue bonds. The objective of the attached bill is to make it clear that temporary notes may be issued for a project for which bonds are legally authorized, with the intent of issuing bonds only if bonds prove necessary.

Road Bonds. K.S.A. 10-123 now provides that temporary notes involving "road bonds" shall not exceed the amount of the unissued bonds and "the state or federal aid granted to the project." The meaning of "road bonds" is uncertain. Further, the restriction of this provision to "road bonds" leaves confusion as to the debt-financing of other non-road projects involving state or federal grants.

Explanation of Bill Provisions

Change (1) of the bill removes the apparent requirement that temporary notes may be issued only if bonds are to be issued. The new language requires that the bonds must be legally authorized to finance the project before temporary notes may be issued.

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Attachment III

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Change (2), substituting "may" for the words "are to", further clarifies the intent that bonds are not required to be issued for any improvement costs which have been otherwise paid for.

Change (3) is discussed below.

Change (4) provides that temporary notes may be retired in whole or in part from current revenue. It says, in effect, that the amount of bonds issued are to be reduced by those costs which have already been paid by the retirement of the temporary notes--which could be 100%. For example, if a city has a \$40,000 street improvement project and is authorized to issue bonds therefore, it may issue \$40,000 in temporary notes. If the city has sufficient revenue from current sources, such as from the general fund or from state highway aid payments, it may be able to pay the principal and interest and retire the temporary notes and thus avoid the necessity of issuing any bonds. The requirements that temporary notes must be retired within four years would not be removed by the bill.

Change (3) would permit the issuance of temporary notes for any purposes for which state or federal aid is available, not just for "road bonds" for which state and federal aid is to be granted.

Such a provision is advisable since some state and federal grants are on a reimbursement basis--the municipality must initially finance the costs covered by the state or federal share, and is later reimbursed. The amendment would also eliminate the legal necessity of issuing bonds for the state or federal share, when the temporary notes are retired from the state or federal aid. (As an aside, it might be noted that this change would make lawful some current operating practices).

Advantages

The change relating to the financing of temporary notes could result in some significant savings to municipalities. It could eliminate the cost of issuing bonds for improvements to the extent the temporary notes can be financed from non-bond sources within the four year maximum period. In some instances, no bonds may be needed.

Short term temporary notes are an attractive financial investment, including investments by local banks. They constitute a general obligation of the municipality, and are often sold at a lower cost than bonds. The purchaser of temporary notes is protected, with the knowledge they are general obligations; if current revenues fail to provide for the full and timely payment of the principal and interest on the notes, general obligation bonds are issued to retire the notes.

The second change, permitting temporary notes to include state or federal grants for other than "road bonds", could also be financially advantageous to municipalities. It would clarify the financing of state or federally assisted projects for general highway improvements including safety and railroad crossings, CDBG grants for community improvements, airport improvements and other projects.

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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.

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may (3) for purposes for which state or federal aid is available, any

(4) Temporary notes may be retired in whole in part from current revenues of the municipality legally authorized for such purpose.



January 18, 1989

Firefighter Relief Association Expenditures

The League requests the Committee on Local Government to introduce a bill to amend K.S.A. Supp. 40-1706 to provide for better accountability for expenditures made by firefighters relief associations and to modify outdated restrictions upon investments those associations are authorized to make.

Background. K.S.A. Supp. 40-1706 is part of the firefighters' relief fund act, enacted in 1927. This act is intended to provide for the establishment and funding of relief associations within the fire departments of counties, cities, townships and fire districts. The associations provide a variety of services and benefits for injured or disabled firefighters, as well as for the families of those who die as a result of service-related causes (K.S.A. 40-1707). Funding is provided by a tax upon insurance companies that issue fire and lightning policies for the area served by the individual fire department. This tax, set at 2% of the premiums collected for such coverage, is paid to the commissioner of insurance (K.S.A. 40-1703), and then distributed to the local associations (K.S.A. 40-1706).

Although it appears clear that the amount of financial assistance to be paid as relief to a firefighter, for injuries or physical disabilities, falls within the discretionary power of the association to administer its public funds (Lauber v. Fireman's Relief Association, 202 Kan. 564 (1969)), some questions have arisen regarding the possibility of associations "overcommitting" their funds--promising benefits to firefighters at a level beyond the amount of funds they are likely to receive from the state tax on insurance premiums. Such a situation raises legal liability questions for not only the association, but also, because of the wording of the act, potential liability for cities, counties, townships and fire districts.

Purpose of Amendments. The League proposes four amendments to K.S.A. Supp. 40-1706. The first one relates to the above issue and the remaining three are proposed to remove unnecessary and outdated provisions. (1) Subsection (g) would be amended to ensure that associations cannot promise more benefits than they have money. To do this, the League suggests language stating that all association expenditures are conditioned upon the availability of distributions to that association of the 2% insurance premium tax moneys at a level sufficient to meet those financial commitments. (2) Subsection (g) is further amended to clarify which attorney is charged with the duty to certify that association expenditures over \$500 comply with K.S.A. 40-1701 et seq. (3) Subsection (h)(i) would amend the investment authority of associations with respect to investments in municipal bonds. The present limitations in this subsection would be replaced by language borrowed directly from K.S.A. 10-131, which governs the investment of proceeds from bonds or temporary notes by municipalities. (4) Subsection (h)(2) would also be amended to remove the duty of the city, county, township or fire district attorney to examine and approve all bond-related investments of an association. This requirement that a local government's attorney preapprove bond investments does not appear to have any parallel in other state law. The League proposes that such investments need only be approved by the governing body of the city, county, township or fire district, as is now required under Supp. 40-1706.

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Attachment IV

**Amendment to K.S.A. 1988 Supp.
40-1706--Firefighters Relief Act**

Article 17.—FIREFIGHTERS RELIEF ACT

40-1706. Financial reports of firefighters relief associations, filing, proceedings for improper expenditures; authorized disposition of tax proceeds; determination and payment of amounts to state and local associations; procedures upon dissolution of local associations; handling and investment of moneys by local association, restrictions. (a) On or before April 1 of each year, every firefighters relief association which holds funds received under the firefighters relief act shall submit to the commissioner of insurance a verified account showing in full the receipts and disbursements and general condition of such funds for the year ending on the preceding December 31. If such account or other information shows such funds are not being expended for the purposes authorized by the firefighters relief act, the commissioner of insurance shall notify the county attorney of the county in which any such firefighters relief association is located and the county attorney shall institute proceedings to recover for the use of the firefighters relief association all moneys expended for purposes not in accordance with the provisions of the firefighters relief act. The commissioner of insurance shall hold any funds of such firefighters relief association until the commissioner is notified by the county attorney that such condition has been corrected.



(g) The treasurer of a firefighters relief association shall give bond for the safekeeping of funds received under the firefighters relief act and for faithful performance in such sum with such sureties as may be approved by the governing body of such city, township, county or fire district. All the moneys so received shall be set apart and

used by the firefighters relief association of such cities, townships, counties or fire districts solely and entirely for the objects and purposes of the firefighters relief act and shall be paid to and distributed by the firefighters relief associations of such cities, townships, counties or fire districts under such provisions as shall be made by the governing body thereof. ~~In all cases involving expenditures or payments in an amount of \$500 or more prior certification shall be obtained from the attorney of the governing body that such expenditure or payment complies with the requirements of the firefighters relief act.~~

All such expenditures or payments shall be subject to the continued availability of moneys distributed to the association from the tax imposed by K.S.A. 40-1703 and amendments thereto in amounts sufficient for such expenditures.

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(h) (1) The officers of a firefighters relief association may invest any amount, not to exceed 90% of all such moneys, in investments authorized by K.S.A. 12-1675 and amendments thereto in the manner prescribed therein or in purchasing bonds of the city, township, county or fire district in which such firefighters relief association is located. When such investments are not obtainable, United States government bonds may be purchased or ~~any municipal bonds of this state, except that such funds shall not be invested in any such municipal bonds where the bonded indebtedness of the municipality is more than 15% of its total assessed valuation, as shown by the last assessment preceding such investment.~~

municipal bonds or other obligations issued by any municipality of the state of Kansas as defined in K.S.A. 10-1101, and amendments thereto, which are general obligations of the municipality issuing the same.

(2) Such investment must be approved by the governing body of such city, township, county or fire district. ~~It shall be the duty of the attorney of such governing body of such city, township, county or fire district to examine all such bonds as to their validity and report thereon in writing to the governing body and the firefighters relief association of such city, township, county or fire district, and no bonds shall be purchased by the firefighters relief association of such city, township, county or fire district until they have been approved and found valid by the attorney.~~

History: L. 1927, ch. 231, 40-1706; L. 1935, ch. 200, § 1; L. 1941, ch. 257, § 5; L. 1957, ch. 287, § 6; L. 1967, ch. 269, § 1; L. 1977, ch. 54, § 32; L. 1979, ch. 145, § 4; L. 1984, ch. 165, § 7; L. 1987, ch. 168, § 1; July 1.

P R O P O S A L N O . 6

SUBJECT: PUBLIC BUILDING COMMISSION FOR COUNTIES

CHANGE REQUESTED: Amend the statutes (K.S.A. 12-1757 and 12-1758) to include counties; thus, authorizing counties as well as cities to create and use a public building commission.

EFFECT OF CHANGE: The proposed legislation would give counties the same authority as cities to create and use a public building commission for financing construction of public facilities.

REASON FOR CHANGE: As the need for public facilities increases, the need for optional methods of prudent financing for those facilities also increases. Public building commissions have proven to be a valuable mechanism for cities to finance public facilities, utilizing lease arrangements and revenue bond, often at a cost savings to taxpayers. That same option can serve as a valuable financing mechanism for counties as well.

AN ACT relating to counties; concerning the sale of county property; granting authority to negotiate sales for certain property; amending K.S.A. 19-211 and repealing the existing sections.

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

Sec. 1. K.S.A. 19-211 is hereby amended to read as follows: 19-211(a) In any county other than Shawnee, Sedgwick and Johnson counties, except for any property belonging to a county law enforcement department, no property belonging to such county, the value of which is more than \$25,000 but is not more than \$100,000, shall be sold or disposed of by any board of county commissioners without a unanimous vote of such commissioners and public notice of such sale or disposition containing the time, place and conditions thereof having been given at least once each week for three consecutive weeks prior thereto in the official newspaper of the county. Such sale shall be made to the highest bidder except that the board of county commissioners shall have the right to reject any or all bids. No property, the value of which exceeds \$100,000, shall be sold or disposed of by any board of county commissioners, unless the proposition of sale or disposal of such property shall first be submitted to a vote of the electors of the county at a question submitted election called therefor, which election shall be called, noticed and held in the manner provided by K.S.A. 10-120, and amendments thereto, or at a general election. If a majority of the votes cast at any such election authorizes any sale, such sale shall be made upon the notice hereinbefore prescribed by publication, to the highest bidder, except that the board of county commissioners shall have the right to reject any or all bids. When property of the county having a value of not more than \$100,000 is sold, the board of county commissioners shall cause to be published as a part of the statement required by K.S.A. 19-228, and amendments thereto, a detailed account of such sale which shall describe the property sold, to whom sold, and the sale price.

(b) Except for any property belonging to a county law enforcement department, no real property, the value of which is more than \$150,000.00, belonging to Shawnee, Sedgwick or Johnson County shall be sold or disposed of by any board of county commissioners, except as provided in subsection (c) of this section, without a unanimous vote of such commissioners and public notice of such sale or disposition containing the time, place and conditions thereof having been given at least once each week for three consecutive weeks prior thereto in the official newspaper of the county. Such sale shall be made to the highest bidder except that the board of county commissioners shall have the right to

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Attachment VI

reject any or all bids. If, within 45 days after the first publication of such notice a petition signed by not less than 2% of the qualified electors of the county is filed with the county election officer, such real property shall not be sold or disposed of unless the proposition of sale or disposal of such property shall first be submitted to a vote of the electors of the county at a question submitted election called therefor. The election shall be called, noticed and held in the manner provided by K.S.A. 10-120, and amendments thereto, or at a general election. If a majority of the votes cast at any such election authorizes any sale, such sale shall be made upon the notice hereinbefore prescribed by publication, to the highest bidder, except that the board of county commissioners shall have the right to reject any or all bids.

(c) In the event that the board of county commissioners of Shawnee, Sedgwick or Johnson County has, by unanimous vote, authorized the sale or other disposition of real property and provided the notice and opportunity to bid, as specified in subsection (b), and no valid petition for election was filed or an election was held which authorized the sale, but the sale was not completed for any reason, then the board of county commissioners may, at any time thereafter, offer the property for sale and sale or dispose of the property upon such terms and conditions as the board, by unanimous vote, deems advisable and appropriate.

(d) Except for any property belonging to a county law enforcement department, real property the value of which does not exceed \$150,000, belonging to Shawnee, Sedgwick or Johnson County may be sold or otherwise disposed of by the board of county commissioners in the following manner:

1. Upon a finding by the board that the property is no longer required for, or cannot prudently be used for, public purposes of the county, then the board may, upon a unanimous vote of the commissioners, dispose of any real property, the value of which does not exceed \$5,000, by public or private sale, by negotiation, or by quit claim deed, as the board in its judgment deems best, and such sale or other disposition shall not be subject to any publication requirement nor to any call or petition for referendum;

2. The board may, upon a unanimous vote of the commissioners, dispose of any real property, the value of which is less than \$150,000 but more than \$5,000 by public bid sale conducted in the manner provided in subsection (b) of this section; provided however, that such sale shall not be subject to any call or petition for referendum. In the event that the board shall determine, after publication of notice and opportunity to bid, that no bids were received were not sufficient nor acceptable, then the board may, at anytime thereafter without further publication or notice,

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offer the property for sale, negotiate the sale upon such terms and conditions as the board deems advisable, and dispose of the property upon such terms.

3. The board may, upon a unanimous vote of the commissioners, dispose of any real property interest belonging to the county, including any interest derived through dedication, plat, condemnation, reversion, abandonment, reservation, or tax foreclosure, which the board finds and determines, after notice and public hearing, to be surplus property not required for public use, and to be unmarketable property due to its size, location or other factors. Such property interest may be disposed by the county by the adoption of a resolution of the board of county commissions providing that the interest of the county shall be vacated and transferring by quit claim, without benefit of warranties of title, whatever right, title or interest the county has or may have in the property, but the resolution shall reserve the county and any public utilities, the rights-of-way and easements for public facilities which are then in existence and use across the property. Upon adoption of the resolution, the property interests vacated and conveyed shall revert to and vest in the owners of the real estate immediately abutting thereon, in proportion to the frontage of such land, except in cases where such land may have been acquired for public use in a different proportion, in which event it shall revert and vest in the owner of the adjoining real estate in the same proportion that was acquired.

Following adoption of the resolution, the county clerk shall record the conveyance upon the transfer records of the county and shall cause a notice of the transfer to be published in the official county newspaper and to be sent by certified mail to each owner of the adjoining real estate to whom the property is being transferred, at the address where the owners tax statement is sent. A copy of the transfer and the notice shall be recorded with the register of deeds of the county, and no fee shall be charged by the county clerk or the register of deeds recording the transfers.

4. In the event of any sale of real property pursuant to the authority under this Section, the board may, in its discretion, enter into and execute contracts for sale or lease-purchase agreements for a term of not more than five (5) years.

(e) The provisions of this section shall not apply to or restrict the conveyance of real property by any county to the state of Kansas, the title to which was previously conveyed to such county by the state of Kansas.

(f) The provisions of this section shall not apply to or restrict the conveyance of real property by any county to a nonprofit corporation organized under the laws of Kansas

if such real property is acquired and conveyed by the county for the purpose of development of an industrial or business park on such real property comprised of businesses engaged in: (1) Manufacturing articles of commerce; (2) conducting research and development; or (3) storing or processing goods or commodities. If the real property is to be conveyed for an amount which is less than the amount the county paid to acquire such property, the board of county commissioners shall publish a notice of its intent to convey such property. The notice shall include a description of the property, the cost of acquiring the property and the amount for which such property is to be conveyed. Such notice shall be published once each week for three consecutive weeks in the official county newspaper. If, within 45 days after the first publication of such notice a petition signed by not less than 2% of the qualified electors of the county is filed with the county election officer, such property shall not be conveyed unless the proposition of sale or disposal of such property is submitted to and approved by a majority of the qualified voters of the county at an election called therefor. The election shall be called, noticed and held in the manner provided by K.S.A. 10-120, and amendments thereto, or at a general election.

Sec. 2. K.S.A. 19-211 is hereby repealed.

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

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