

Approved March 23, 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 March 22, 1989 in room 531-N of the Capitol.

All members were present except:

Senators Gaines and Steineger - Excused

Committee staff present:

Mike Heim, Legislative Research  
Emalene Correll, Legislative Research  
Theresa Kiernan, Revisor of Statutes  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee:

Rep. Vincent Snowbarger  
Don Seifert, City of Olathe  
Ernie Mosher, League of Kansas Municipalities  
Sen. Don Sallee

The hearing began on HB 2207 concerning the limitation of bonded indebtedness of cities. Rep. Vincent Snowbarger, author of the bill, testified in support. He explained that the bill amends a city bonded indebtedness statute to exclude school district property when figuring the bond indebtedness limit. He introduced Don Seifert, City of Olathe, to give further testimony in support of the bill. (See Attachment I.)

Ernie Mosher, League of Kansas Municipalities, stood in response to the Chairman's questions. The League supports the bill. Mr. Mosher reminded the committee, with reference to Mr. Seifert's testimony, that reappraisal is not going to affect the debt limits as debt limits are frozen. Sen. Daniels asked if the bill would apply to other cities, and Mr. Mosher said it would have statewide application, but few cities would be affected by it.

Sen. Burke made a motion to report HB 2207 favorable for passage, Sen. Allen seconded, and the motion carried.

Attention was turned to HB 2273 directing the Secretary of State to convey certain lands in Atchison and Doniphan Counties to certain persons claiming such lands under color of title. Sen. Sallee briefly testified in support of the bill. He said it deals with some river channel land in Kansas which needs to have a boundary set and put on the tax roles. Representatives Adam and Lucas, authors of the bill, had expressed an interest in amending this bill into SB 239, however, Sen. Sallee felt it would be best to go ahead and pass HB 2273 so that it could be put on the senate calendar.

Sen. Lee made a motion to report HB 2273 favorable for passage, Sen. Langworthy seconded, and the motion carried.

The Chairman began a discussion of HB 2023 concerning the financing of Banner Creek reservoir which had been previously heard. He noted that the bill determines if the election is authorized, not if the sales tax is needed in Jackson County. Dr. D. D. Griffiths of Holton had requested time to testify in opposition to the bill, but was not present at this meeting. The Chairman asked staff for a report as to if precedence has been set for this. Staff reported that this has been done to validate bond issues and for entities that levied property taxes but did not have the authority to do so, therefore, this bill would not be setting a precedent.

Sen. Frahm made a motion to report HB 2023 favorable for passage, Sen. Allen seconded, and the motion carried.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT,  
room 531-N, Statehouse, at 9:00 a.m. ~~xxx~~ on March 22, 1989.

Attention was turned to another previously heard bill, HB 2010, concerning the type set size of documents filed with the Register of Deeds. The Chairman said he had talked with the President of the Register of Deeds Association and with other registers of deeds who called in their support of the bill.

Sen. Ehrlich made a motion to recommend HB 2010 favorable for passage, Sen. Burke seconded, and the motion carried.

The minutes of March 21 were approved.

The meeting was adjourned.





# CITY OF OLATHE

## MEMORANDUM

TO: Members of the Senate Committee on Local Government  
FROM: Donald R. Seifert, Development Services Director  
SUBJECT: House Bill 2207 - Municipal Debt Limit  
DATE: March 22, 1989

Thank you for the opportunity to appear today before the Committee to discuss a matter of importance to both the City of Olathe and the Olathe School District. Facing rapid growth and the uncertainty of reappraisal, our City is concerned about its continued ability to finance needed capital improvements under existing statutory debt limitations. In HB 2207, we are asking for a minor change in how cities account for bonds issued that benefit school property.

For many years, the Olathe School District has been in an expansion mode. To accommodate the growing number of school children in our community, since 1972 the district has built 11 new elementary schools, 4 new junior high schools, a second senior high school, and numerous additions to existing buildings. In a continual effort to provide excellent school facilities, the district has become one of Olathe's major developers and property owners. The community has been very supportive of this effort through passage of five school bond issues during this period.

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Attachment I*

The Olathe city government has facilitated the school district's progress through the use of benefit district financing for street and utility extensions to these new schools. As a real estate developer, the district is responsible for financing its fair share of public improvements. To finance these costs, the district participates in City benefit districts with other landowners and makes annual payments in the form of special assessments. The district does not believe it has clear authority to capitalize such costs in a bond issue, even if they could be accurately quantified in advance. It relies on the advantages offered by City benefit districts in planning, managing, and paying for its share of public improvements connected with a school construction program.

The bottom line in this is that Olathe, like all cities in Kansas, operates under a statutory limit on bonded indebtedness based on a percentage of assessed valuation. This percentage will likely be adjusted downward following reappraisal. Under the pressure of our growth, debt required to finance necessary public improvements is projected to increase faster than growth in our assessed valuation, thus squeezing the City's debt margin. The capital improvement plan adopted by our governing body recognizes the need for some \$110 million in street improvement projects alone in the next 5 years. Presently the City's debt margin is approximately \$31.5 million.

In calculating a city's legal debt limit, present law provides for certain exceptions. Bonds issued to pay the costs of water and sewer lines and streets abutting City property are not included. In HB 2207, we are requesting that bonds issued for streets abutting school district property also be excluded from the calculation. In Olathe, this would increase our debt margin by an additional \$2 million. This amount is about 5% of our outstanding debt not subject

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to the debt limit.

With the City's projected growth, construction of new public schools is inevitable in Olathe. A bond issue is planned for mid-1989 which would include a third high school, three new elementary schools, and land for another junior high. These schools will all require perimeter street construction. The City and school district have an excellent relationship in the use of benefit districts to finance school related improvements. However, the City would like to preserve as much of its debt limit as possible to finance the tremendous amount of capital improvements needed by this community. Your approval of HB 2207 would help both the City and school district respond to the needs of the community.

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