

Approved March 13, 1990
Date

MINUTES OF THE HOUSE COMMITTEE ON LOCAL GOVERNMENT

The meeting was called to order by REPRESENTATIVE ROBERT D. MILLER at
Chairperson

12:30 a.m./p.m. on MARCH 2, 1990 in room 521-S of the Capitol.

All members were present except:

Representative Graeber, excused

Committee staff present:

Mike Heim, Legislative Research Dept.
Theresa Kiernan, Revisor of Statutes
Connie Smith, Committee Secretary

Conferees appearing before the committee: None

Beverly Bradley, Kansas Association of Counties; Jim Kaup, League of Kansas Municipalities; and Jim Maag, Kansas Bankers Association were present to answer questions from the Committee.

Chairman Miller called on Representative Johnson for a point of discussion on HB 2881. Representative Johnson stated that she had an amendment for the bill and would like to have some discussion on the way the bill was originally drafted. No discussion. Representative Johnson made a conceptual motion to amend HB 2881 so it would pertain only to Wyandotte Co. and Kansas City, Ks.; seconded by Representative Turnbaugh. Discussion followed. Representative Patrick stated that he has concern about a general bond law for the state of Kansas being applicable to only one county. The Committee expressed concerns about having special elections. Chairman Miller asked staff to draft the amendments suggested by Representative Johnson. Representative Johnson moved to withdraw her motion.

Chairman Miller turned the Committee's attention to HB 2281.

HB 2281 - Act entering into the Kansas and Missouri metropolitan culture and recreation district compact.

Chairman Miller stated that it is the desire of the authors of HB 2281 that this bill be removed from our Committee. Representative Lane moved to adversely pass HB 2281; seconded by Representative Russell. The motion carried.

Chairman Miller turned the Committee's attention to HB 2675.

HB 2675 - Act concerning cities and counties relating to an emergency medical tax. (9-1-1)

The Chairman stated that the purpose of HB 2675 was to allow those counties (mostly rural) to be able to afford and generate the dollars needed to implement a 9-1-1 system. The Chairman stated there were two sets of balloons on HB 2675 and gave his preferences on the amendments that he would like to see offered on the bill. Discussion followed. (Attachments I and II)

Representative Gomez moved that cities of second class and under and include any county that is not currently served by the countywide 9-1-1 as of the effective date of this act; seconded by Representative Patrick. Discussion followed. The motion carried.

Representative Reinhardt moved that a cap of 75 cents per month be permitted and eliminate the 3 percent tariff rate; seconded by Representative Samuelson. Motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON LOCAL GOVERNMENT

room 521-S Statehouse, at 12:30 a.m./p.m. on MARCH 2, 1990

Vice-chairman Brown moved to include the other amendment discussed (clarification of collection of tax on page 2 of second balloon); seconded by Representative Johnson. Motion carried.

The Chairman asked the Committee if they were comfortable with reference to the KSA 12-5304, which is a law that regulates how the money is being spent, and if not, we will adopt the motion to amend to make it clearer.

Representative Patrick moved that paragraph five on the first balloon be amended into HB 2675; seconded by Representative Williams. Motion carried.

Representative Reinhardt moved to pass HB 2675 favorably as amended; seconded by Representative Turnbaugh. Motion carried.

Chairman Miller turned the Committee's attention to HB 2774.

HB 2774 - Act concerning townships relating to the conveyance of certain land.

Chairman Miller called on Representative Crowell to answer questions from the Committee. Discussion followed.

Chairman Miller turned the Committee's attention to HB 2679.

HB 2679 - Act concerning municipalities; relating to the establishment of housing trust funds for repair, rehabilitation and improvement of residential housing; prescribing powers, duties and functions in relation thereto.

Chairman Miller recognized Jim Kaup, League of Kansas Municipalities to explain substitute bill for HB 2679. Mr. Kaup stated that Representative Hensley had asked him to draft a substitute bill and provide it to the Committee. (Attachment III) Chairman Miller asked the Committee to concentrate on the substitute bill. Discussion followed.

Representative Gomez moved to adopt the substitute Bill No. 2679 for the purpose of a discussion; seconded by Representative Johnson.

Representative Patrick made a substitute motion that section 1 be deleted and the bill be passed as amended; seconded by Representative Russell. Discussion followed. The motion carried.

Chairman Miller turned the Committee's attention to HB 2702.

HB 2702 - Act concerning the local alcoholic liquor fund; relating to the use of the moneys therefrom.

Representative Patrick moved that HB 2702 be taken off the table; seconded by Representative Russell. Motion carried.

Representative Patrick moved that HB 2702 be amended to apply only to Butler county; seconded by Representative Williams. Motion carried.

Representative Patrick moved that on page 2, line 24 and page 3, line 7 that the word "shall" be changed to "may"; seconded by Representative Lane. Discussion followed. Representative Patrick withdrew his motion.

Representative Sawyer made a motion that HB 2702 be passed favorably as amended; seconded by Representative Lynch. Motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON LOCAL GOVERNMENT

room 521-S Statehouse, at 12:30 a/m./p.m. on MARCH 2, 1990

Chairman Miller stated that in regard to HB 2835, prison, the subcommittee is meeting and the Committee will work the bill at a later date.

Representative Brown moved to bring HB 2894 off the table; seconded by Representative Bowden. Representative Patrick wanted to know what the purpose was to bring it back off the table. Chairman Miller stated to amend in the last section and possibly take action on the bill. Discussion followed. The motion carried. A division was called for. The motion carried. (11-4)

Staff gave a review of HB 2894. Discussion followed. Representative Reinhardt moved to add Sedgwick, Johnson and Finney county to the bill; seconded by Representative Holmes. Discussion followed. Motion failed.

Chairman Miller turned the Committee's attention to HB 2969.

HB 2969 - Concerning taxation; relating to the foreclosure and sale of property.

Representative Russell gave an explanation of what the subcommittee had found. Representative Russell moved to limit it to Sedgwick and Johnson county; seconded by Representative Sawyer. Discussion followed.

Representative Russell stated that this bill would be a good one for interim study because of a problem of delinquent special assessments. Representative Sawyer offered a substitute motion that HB 2969 be studied during an interim; seconded by Representative Williams. Motion carried.

Chairman Miller turned the Committee's attention to HB 2982.

HB 2982 - Act concerning cities; abatement of nuisances.

Representative Patrick made a motion to amend HB 2982 to solve the problem of the crackhouses, stating that if there are two or more drug sales, as defined in present law, at a house or on the lot around a house, the governing board can have the house declared a nuisance and the ultimate result being the house can be condemned, be bulldozed and would get rid of the crackhouse; seconded by Representative Williams. Discussion followed. Staff suggested that court would not find that to be a reasonable exercise of police power. Representative Bowden stated that he would like to send the bill out as is. Representative Patrick withdrew his motion.

Representative Holmes made a motion to pass HB 2982 favorably; seconded by Vice-chairman Brown. Motion carried.

Chairman Miller called the Committee's attention to HB 2750.

HB 2750 - Act concerning counties; relating to county appraisers.

Chairman Miller offered the Committee an amendment to HB 2750. (Attachment IV) Chairman called for discussion.

Representative Patrick moved to adopt the amendment; seconded by Representative Holmes. Discussion followed.

Representative Williams made a substitute motion that HB 2750 be tabled; seconded by Representative Bowden. Motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON LOCAL GOVERNMENT,

room 521, Statehouse, at 12:30 a.m./p.m. on MARCH 2, 1990

Chairman Miller called the Committee's attention to HB 2984.

HB 2984 - Act concerning the investment of public moneys.

Chairman Miller called on Jim Kaup because it was a League sponsored bill. Mr. Kaup gave an overview of his amendments. (Attachment V) Discussion followed. Mr. Maag answered questions from the Committee.

Chairman Miller called the Committee's attention to a letter received from John Moir, Director of Finance, the City of Wichita answering questions from the Committee concerning the opportunity cost incurred by local governments under the current investment law when HB 2984 was heard on February 20th. (Attachment VI)

Chairman Miller asked for further discussion on the bill or any motions. Representative Patrick made a motion to amend HB 2984 to include the inactive account found in KSA 75-4201 and to require that money to be put out for competitive bid, which is the same thing that cities and counties can do; seconded by Representative Sawyer. Discussion followed. Vice-chairman Brown called for the question. Chairman Miller called for a vote on Representative Patrick's amendment. Motion failed for the amendment. (6 to 7)

Chairman Miller stated we are back on the original bill. Discussion followed. Representative Sawyer moved to pass HB 2984 favorably; seconded by Representative Patrick.

Vice-Chairman Brown made a substitute motion to recommend it for interim study; seconded by Representative Lane. Discussion followed. A division was asked for by Representative Lane. (7 to 9) Motion failed to recommend it for interim.

Chairman Miller stated we are on the original motion to pass the bill out favorably. Representative Patrick called for the question. Motion carried to pass the bill out favorably. (9 - 7)

Chairman Miller called for approval of the minutes of February 20, 21, 22, 26, and 27. Representative Williams questioned the minutes of February 27th in regard to the last motion, he suggested deleting the word "if".

Representative Williams moved that the minutes of February 20, 21, 22, 26, and 27th be approved as corrected; seconded by Representative Lane. The motion carried.

The meeting adjourned at 3:10 p.m.

HOUSE BILL No. 2675

By Representative R.D. Miller

1-19

9 AN ACT concerning cities and counties; relating to an emergency
0 medical tax; amending K.S.A. 12-5302 and repealing the existing
1 section.
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3 *Be it enacted by the Legislature of the State of Kansas:*

4 Section 1. K.S.A. 12-5302 is hereby amended to read as follows:

5 and welfare (1) 12-5302. (a) In addition to other powers for the protection of the
6 public health a governing body may provide for the operation of
7 an emergency telephone service and may pay for it by imposing an
8 emergency telephone tax for such service ~~in those portions of the~~
9 ~~governing body's jurisdiction for which emergency telephone service~~
10 ~~has been contracted.~~ The governing body may do such other acts
11 and welfare (1) as are expedient for the protection and preservation of the public
12 health and are necessary for the operation of the emergency tele-
13 phone system. The governing body is hereby authorized by ordinance
14 in the case of cities and by resolution in the case of counties to
15 impose such tax in an amount not to exceed two percent (2%) \$.50
16 (3) per month or 15% of the tariff rate, which ever is less, in those
17 portions of the governing body's jurisdiction for which emergency
18 telephone service has been contracted.

19 (b) Within sixty (60) 60 days of the publication of a resolution
20 by a county adopted pursuant to subsection (a) there may be filed
21 with the county election officer of the county a petition signed by
22 not less than five percent (5%) 5% of the registered voters of the
23 county, and within sixty (60) 60 days of publication of an ordinance
24 adopted pursuant to subsection (a) there may be filed with the county
25 election officer of the county in which the city is located a petition
26 signed by not less than five percent (5%) 5% of the registered
27 voters of the city, in either such case requesting that the question
28 of the installation and operation of emergency telephone service and
29 imposition of tax therefor be submitted to the qualified voters of the
30 county. Upon determination of the sufficiency of such petition and
31 certification thereof by the county election officer, the proposition
32 shall be submitted to the qualified voters of the county or city as
33 the case may be at the next primary or general election of county
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(4) The amount of such tax may not exceed 3% of the tariff rate or \$.50 per month, whichever is higher.

(5) The governing body shall provide for the termination of the tax when the revenue therefrom is no longer necessary for the purposes provided in K.S.A. 12-5304, as amended.

Balloons #1

LD
3-2-90
attach I

Explanation of Amendments

- 1) To clarify. 911 is used for police and fire protection, not just for public health reasons.
- 2) To remove redundant words--see lines 26:28.
- 3) See new sentence.
- 4) Makes a change from the lower of 15% or 50¢ to the higher of 3% or 50¢ per month.
- 5) This clause does two things:
 - a) Provides for termination of the tax, a matter not now covered by the law;
 - b) Clarifies that the revenue may only be collected for, and solely used for, the purpose prescribed by K.S.A. Supp. 12-5304--see below.

12-5304. Emergency telephone tax; use of proceeds; authorization for contracts. (a) Any governing body imposing the tax authorized by K.S.A. 12-5302, and amendments thereto, may contract directly with the provider of the emergency telephone service or may contract and cooperate with any public agency or with other states or their political subdivisions or with any association or corporation for their political subdivisions or with any association or corporation for the administration of emergency telephone service as provided by law.

(b) Funds collected from tax imposed pursuant to K.S.A. 12-5302, and amendments thereto, shall be spent solely to pay for (1) the monthly recurring charges billed by the service supplier for the emergency telephone service, (2) initial installation, service establishment, nonrecurring startup charges billed by the service supplier for the emergency telephone service, (3) charges for capital improvements and equipment or other physical enhancements to the emergency telephone system, or (4) any combination thereof.

History: L. 1980, ch. 179, § 4; L. 1984, ch. 79, § 1; L. 1988, ch. 81, § 1; July 1.

HOUSE BILL No. 2675

By Representative R.D. Miller

1-19

LD.
3-2-90
Attach II

9 AN ACT concerning cities and counties; relating to an emergency
10 medical tax; amending K.S.A. 12-5302 and repealing the existing
section.

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

14 Section 1. K.S.A. 12-5302 is hereby amended to read as follows:
15 12-5302. (a) In addition to other powers for the protection of the
16 public health, a governing body may provide for the operation of
17 an emergency telephone service and may pay for it by imposing an
18 emergency telephone tax for such service in those portions of the
19 governing body's jurisdiction for which emergency telephone service
20 has been contracted. The governing body may do such other acts
21 as are expedient for the protection and preservation of the public
22 health and are necessary for the operation of the emergency tele-
23 phone system. The governing body is hereby authorized by ordinance
24 in the case of cities and by resolution in the case of counties to
25 impose such tax in an amount not to exceed ~~two percent (2%)~~ \$.55
26 ~~per month or 15%~~ of the tariff rate, *which ever is less*, in those
27 portions of the governing body's jurisdiction for which emergency
telephone service has been contracted.

\$.55

16%

29 (b) Within ~~sixty (60)~~ 60 days of the publication of a resolution
30 by a county adopted pursuant to subsection (a) there may be filed
31 with the county election officer of the county a petition signed by
32 not less than ~~five percent (5%)~~ 5% of the registered voters of the
33 county, and within ~~sixty (60)~~ 60 days of publication of an ordinance
34 adopted pursuant to subsection (a) there may be filed with the county
35 election officer of the county in which the city is located a petition
36 signed by not less than ~~five percent (5%)~~ 5% of the registered
37 voters of the city, in either such case requesting that the question
38 of the installation and operation of emergency telephone service and
39 imposition of tax therefor be submitted to the qualified voters of the
40 county. Upon determination of the sufficiency of such petition and
41 certification thereof by the county election officer, the proposition
42 shall be submitted to the qualified voters of the county or city as
43 the case may be at the next primary or general election of county

Balloon #2

LB
3-2-90
2-2

1 officers following by not less than ~~sixty (60)~~ 60 days the certification
 2 of such petition. If a majority of the votes cast at such election are
 3 for the installation and operation of emergency telephone service
 4 and imposition of tax therefor, or if no protest petition is filed within
 5 the time hereinbefore prescribed, the governing body may provide
 6 for the installation and operation of such service and impose such
 7 tax. Such tax may be imposed for no longer than three years after
 8 which the governing body may continue to renew such tax imposition
 9 for no longer than three years at a time, subject to such protest
 10 petition provided in this subsection. *If a tax is imposed on the*
 11 *effective date of this act or thereafter, any proposed increase in the*
 12 *amount of the tax shall be subject to the protest petition provided*
 13 *in this subsection.* The proceeds of the tax shall be utilized to pay
 14 for the operation of emergency telephone service as set forth in
 15 subsection (b) of K.S.A. 12-5304, *and amendments thereto*, and may
 16 be imposed at any time subsequent to execution of a contract with
 17 the provider of such service at the discretion of the governing body
 18 ~~but collection of such tax shall not begin prior to ninety (90) 90~~
 19 ~~days before operation of the emergency telephone service.~~

The collection of such tax may begin at the time determined to be necessary to generate revenue in an amount necessary to pay the nonrecurring expenses of establishing the emergency telephone service.

20 (d) ~~(c)~~ Such tax shall be imposed only upon the amount received
 21 from the tariff rate exchange access lines or their equivalent. No
 22 such tax shall be imposed upon more than ~~one hundred (100)~~ 100
 23 exchange access facilities or their equivalent per person per location.

24 (e) ~~(d)~~ Every billed service user shall be liable for any tax imposed
 25 under this act until it has been paid to the service supplier.

26 (f) ~~(e)~~ The duty to collect any tax imposed under authority of this
 27 act from a service user shall commence at such time as specified by
 28 the governing body. Taxes imposed under authority of this act and
 29 required by it to be collected by the service supplier shall be added
 30 to and may be stated separately in the billings to the service user.

31 (g) ~~(f)~~ The service supplier shall have no obligation to take any legal
 32 action to enforce the collection of any tax imposed under authority
 33 of this act. The service supplier shall *provide* annually ~~provide~~ the
 34 governing body with a list of amounts uncollected along with the
 35 names and addresses of those service users which carry a balance
 36 that can be determined by the service supplier to be nonpayment
 37 of any tax imposed under authority of this act.

38 (h) ~~(g)~~ Any tax imposed under authority of this act shall be collected
 39 insofar as practicable at the same time as, and along with, the charges
 40 for the tariff rate in accordance with the regular billing practice of
 41 the service supplier. The tariff rates determined by or stated on the
 42 billing of the service supplier are presumed to be correct if such
 43 charges were made in accordance with the service supplier's business

(c) As an alternative to the procedure provided in subsection (b), the governing body may submit, on its own initiative, the proposal to establish an emergency telephone service to the qualified voters of the city or county for approval. Any such election shall be called and held in the manner provided by the general bond law.

2-3

1 practices. The presumption may be rebutted by evidence which
2 establishes that an incorrect tariff rate was charged.

3 Sec. 2. K.S.A. 12-5302 is hereby repealed.

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

SUBSTITUTE FOR HOUSE BILL No. 2079

By Committee on Local Government

AN ACT concerning municipalities; relating to the establishment of housing trust funds for repair, rehabilitation and improvement of residential housing; prescribing powers, duties and functions in relation thereto.

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

Section 1. (a) The Legislature finds and declares that current economic conditions, federal housing policies, and declining resources at the federal and state level adversely affect the ability of low-income and moderate-income families to obtain adequate and affordable housing, including the elderly, disabled and families with children.

(b) It is the purpose of this act to help:

(1) Ensure that all residents have either access to decent shelter or assistance in avoiding homelessness;

(2) increase the supply of decent, accessible housing that is affordable to low-income and moderate-income families and accessible to job opportunities; and

(3) improve housing opportunities for all residents, particularly for disadvantaged minorities and disabled persons.

Sec. 2. When used in this act: "Municipality" means any city or county.

Sec. 3. (a) The governing body of any municipality is hereby authorized to establish a housing trust fund for purposes including, but not limited to, the provision of financial programs for the repair, rehabilitation and improvement of existing residential housing, accessibility modifications, rental subsidies, and the provision of housing services and assistance to persons having low or moderate income and disabled persons.

(b) The governing body may provide funds for the housing trust fund from any sources lawfully available for such purposes including, but not limited to, moneys derived from public or private grants, gifts or donations, mortgage registration fees, and building permit and demolition fees.

Prepared by Jim Raup

Ly
3-2-90
Attach FH

(c) Any governing body which has established a housing trust fund may appropriate moneys from such fund to local community, housing or economic development agencies or other local agencies to secure the provision of programs and services authorized by subsection (b) or may make direct expenditures of such moneys for such purposes under programs and services established by the governing body.

(d) Any governing body which has established a housing trust fund may establish or designate an existing not-for-profit community organization or agency to administer the housing trust fund, or may appoint an advisory committee to assist the municipality in its administration of the fund, in such manner as will ensure the most cost effective housing available.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.

32-90
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HOUSE BILL No. 2679

By Representatives Hensley, Adam, Bowden, Branson, Campbell, Dillon, Everhart, Francisco, Fry, Gjerstad, Green, Gregory, Grotewiel, Harder, Jones, Krehbiel, Lacey, Reardon, Roy, Sebelius, Shumway, Sughrue, Watson, Wells and Whiteman

1-22

AN ACT concerning municipalities; relating to the establishment of housing trust funds for repair, rehabilitation and improvement of residential housing; prescribing powers, duties and functions in relation thereto.

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

Section 1. (a) The legislature finds and declares that current economic conditions, federal housing policies, and declining resources on the federal and state level adversely affect the ability of low-income and moderate-income families to obtain adequate and affordable housing.

The legislature further finds that increasing rents result in hardships for those least able to afford housing: The elderly, disabled and families with children.

(b) It is the purpose of this act to:

(1) Ensure that all residents have either access to decent shelter or assistance in avoiding homelessness;

accessible

(2) increase the supply of decent housing that is affordable to low-income and moderate-income families and accessible to job opportunities;

(3) improve housing opportunities for all residents, particularly for disadvantaged minorities;

and disabled persons

(4) help make neighborhoods safe and livable;

and accessible

(5) expand opportunities for home ownership; and

(6) provide a reliable, readily available supply of mortgage finance at the lowest possible interest rate.

Sec. 2. When used in this act: "Municipality" means any city or county.

Sec. 3. (a) The governing body of any municipality is hereby authorized to establish a housing trust fund for purposes including, but not limited to, the financing programs for the repair, rehabilitation and improvement of existing residential housing, rental

accessibility modifications

Prepared by Staff

3-4

1 subsidies, housing services and organizational assistance within the
2 municipality for persons having low or moderate income.

[, accessibility assistance

3 (b) The governing body may provide funds for the housing trust
4 fund from sources including, but not limited to, revenue derived
5 from private donations, interest earned on idle funds, mortgage
6 registration fees, building permit and demolition fees and interest
7 ~~earned on real estate escrow and other trust accounts under K.S.A.~~
8 ~~58-3061, and amendments thereto.~~

9 (c) Any governing body which has established a housing trust
10 fund may make grants of moneys credited to such fund to local
11 community or economic development agencies or local housing or
12 other agencies for programs to repair, rehabilitate or improve existing
13 residential housing as authorized by subsection (b) or may make
14 direct expenditures of such moneys for such purposes under
15 programs established by the governing body.

[on accessibility modifications

16 (d) Any governing body which has established a housing trust
17 fund may establish or designate an existing not-for-profit community
18 foundation or may appoint an advisory committee to make grants of
19 moneys to fund local community and economic development as
20 authorized in subsection (b) and to establish and review policies that
21 would ensure the most cost effective housing available.

(a)

22 Sec. 4. This act shall take effect and be in force from and after
23 its publication in the statute book.

HOUSE BILL No. 2750

By Committee on Local Government

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J.D.
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attach 4

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AN ACT concerning counties; relating to county appraisers; amend-
ing K.S.A. 19-430 and repealing the existing section.

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

Section 1. K.S.A. 19-430 is hereby amended to read as follows:
19-430. On the ~~fifteenth~~ 15th day of January, 1977, and on ~~or before~~
~~the first day of July~~ of each fourth year thereafter the board of county
commissioners of each county shall by resolution appoint a county
appraiser for such county who shall serve for a term of four (4) years
and until his a successor is appointed. County appraisers appointed
in counties having a population of more than ~~twenty thousand~~
(20,000) 20,000 shall devote full time to the duties of such office
but county appraisers appointed in counties having a population of
~~twenty thousand~~ (20,000) 20,000 or less may be appointed either
as a full-time or a part-time county appraiser as prescribed in the
resolution providing for such appointment. No person shall be ap-
pointed or reappointed to or serve as county appraiser in any county
under the provisions of this act unless such person shall be qualified
by the director of property valuation as a certified Kansas appraiser
under the provisions of this act. Whenever a vacancy shall occur in
the office of county appraiser the board of county commissioners
shall appoint a certified Kansas appraiser to fill such vacancy for the
unexpired term and until his a successor is appointed. The person
holding the office of county assessor or performing the duties thereof
on the effective date of this act shall continue to hold such office
and perform such duties until a county appraiser is appointed under
the provisions of this act.

the second Monday in January, or at the first
regularly-scheduled meeting following the
second Monday in January,

Sec. 2. K.S.A. 19-430 is hereby repealed.

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

Amendment to HB 2984--Local Investment Bill
Recommended by the League of Kansas Municipalities
and Kansas Association of Counties

Amend the bill to include K.S.A. 10-131 (see line 26), with the amendments shown below. With these changes, local governments could not invest in private obligations, regardless of their rating. All the investments authorized in K.S.A. 10-131, as amended, except under clause (d), would be securities of or backed by governmental agencies, federal, state or local. Clause (d), as to time deposits in commercial banks, is now covered by K.S.A. 12-1675.

10-131. Investment of proceeds of bonds or temporary notes and certain funds authorized; disposition of interest received therefrom. The governing body of any municipality, as defined in K.S.A. 10-101, and amendments thereto, which has issued or may issue bonds or temporary notes for any purpose, is hereby authorized and empowered to invest any portion of the proceeds of such bonds, notes or funds held pursuant to the resolution or ordinance authorizing the issuance of such bonds or notes, which is not currently needed, in: (a) Investments authorized by K.S.A. 12-1675, and amendments thereto, in the manner prescribed therein; (b) direct obligations of the United States government or any agency thereof; (c) the municipality's temporary notes issued pursuant to K.S.A. 10-123, and amendments thereto; (d) interest-bearing time deposits in commercial banks located in the county or counties in which the municipality is located; (e) obligations of the federal national mortgage association, federal home loan banks or the federal home loan mortgage corporation; (f) repurchase agreements collateralized by securities described in (b) or (e) above; ~~(g) investment agreements with or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's investors service or Standard and Poor's corporation;~~ ~~(h) investments in shares or units of a money market fund or trust the portfolio of which is comprised entirely of securities described in (b) or (e) above;~~ (i) receipts evidencing ownership interests in securities or portions thereof described in (b) or (e) above; (j) 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; or ~~(k)~~ bonds of any municipality of the state of Kansas as defined in K.S.A. 10-1101, and amendments thereto, which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (b) or (e) above. 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 or notes issued or used for paying the cost of the project for which the bonds or notes were issued.

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attach to

THE CITY OF WICHITA



DEPARTMENT OF FINANCE
OFFICE OF DIRECTOR
CITY HALL — THIRTEENTH FLOOR
455 NORTH MAIN STREET
WICHITA, KANSAS 67202
(316) 268-4434

February 28, 1990

The Honorable Robert D. Miller, Chairperson
House Committee on Local Government
State Capitol
Topeka, Kansas 66601

Dear Mr. Miller:

At last week's hearing on House Bill No. 2984, concerning amendments to the current law on investment of public funds (K.S.A. 12-1675), questions were asked about the opportunity cost incurred by local governments under the current investment law. The following is the result of the competitive bids received on the City of Wichita's first investment agreement authorized by K.S.A. 10-131, which occurred in February of 1988:

1. Local Wichita bank bid..... 6.50%
2. Merrill Lynch..... 6.95%
3. Salomon Brothers..... 7.00%

You can observe that there was a 50 basis point difference between the national financial institution and the local bank bid. The City earned \$2,175,849.16 on the investment agreement with Salomon. Had the City been limited to the local bank bid only, the City would have lost \$154,485.29 in interest earnings (the difference between a 7 percent yield and 6.5 percent yield). The City realized 7.1 percent more interest earnings by using a competitive bidding process to obtain national competitive yields. House Bill No. 2984 would enable municipalities to realize substantial increased returns on their investments. Overall interest rates were lower in 1988 than the past year and reflect a conservative basis for comparison.

The investment agreement with Salomon Brothers was fully collateralized by U.S. government or federal agency obligations, which were held by a third party trustee bank in Wichita. The trustee bank monitored the fair market value of the obligations to assure compliance with the collateral requirements. The trustee costs were paid by the investment banking firms. The City of Wichita assumed no risk by this investment agreement. The City would follow these exact same procedures for idle funds investments with the passage of House Bill No. 2984. The elimination of money market funds and commercial paper as investment options is not objectionable to the City of Wichita. Your favorable consideration of House Bill No. 2984 would help municipalities reduce the pressure on the property tax. Thank you for your interest in this matter.

With the highest personal regards and very best wishes, I am,

Sincerely,

John Moir

John Moir, Director of Finance

JM/gf

ly
3-2-90
attach. II