

Approved: 3-17-98  
Date

MINUTES OF THE SENATE ELECTIONS AND LOCAL GOVERNMENT COMMITTEE

The meeting was called to order by Chairman Janice Hardenburger at 1:30 p.m. on March 12, 1998 in Room 529-S of the Capitol.

All members were present except: Senator Steineger

Committee staff present: Dennis Hodgins, Legislative Research Department  
Mike Heim, Legislative Research Department  
Theresa Kiernan, Revisor of Statutes  
Graceanna Wood, Committee Secretary

Conferee appearing before the committee: Michael Armstrong, Water District #1, Johnson County

Others attending: See attached list

Chairman Hardenburger opened the hearing on HB 2727 concerning cities; relating to the general improvement and assessment law.

Michael Armstrong from the Water District #1 of Johnson County testified in favor of the bill. (Attachment #1)

Chairman Hardenburger closed the hearing on HB 2727 and opened the hearing on HB 2769 concerning certain water districts, relating to the powers and duties of the governing bodies.

Michael Armstrong also testified in favor of HB 2769. (Attachment #2)

Chairman Hardenburger closed the hearing on HB 2769.

Senator Becker moved that HB 2727 and HB 2769 be recommended favorably and placed on the Consent Calendar, seconded by Senator Praeger. Motion carried.

Chairman Hardenburger opened the hearing on SB 450 concerning certain state officers and employees relating to governmental ethics.

The bill was re-referred by the Senate Committee of the Whole back to the Senate Committee on Elections and Local Government.

The Committee discussed whether unclassified employees under the Supervision of the Board of Regents should be excluded from the prohibition in the bill.

Senator Praeger moved that the unclassified employees under the Supervision of the Board of Regents be removed from the prohibitions in SB 450, seconded by Senator Becker.

In making this motion, Senator Praeger stated that it would give the Board of Regents an opportunity to study the implications to its employees and report to the Legislature with its recommendations.

The motion failed on a 4-4 vote.

Senator Huelskamp moved that SB 450 be passed out favorably as previously amended by the Senate Committee on February 17, 1998, seconded by Senator Becker. Motion carried.

Senator Becker made a motion to approve the minutes of March 10. seconded by Senator Praeger. Motion carried.

Meeting was adjourned at 2:10 p.m.

Next meeting will be at 1:30 p.m. March 16, 1998.



**Testimony Presented on Behalf of  
WATER DISTRICT NO. 1 OF JOHNSON COUNTY  
Regarding House Bill No. 2727**

Presented at the  
Senate Committee On Governmental Organization & Elections  
On March 12, 1998

Water District No. 1 of Johnson County appears as a proponent of House Bill No. 2727, which would specifically authorize the use of the general improvement and assessment law to finance water distribution systems owned and operated by suburban water districts.

Water District No. 1 is a political subdivision organized as a regional water utility under K.S.A. 19-3501 et seq. to serve the suburban region in and around Johnson County. It currently serves over 330,000 consumers in this area.

Water District No. 1 sought this amendment to specifically authorize the use of improvement districts in the financing of construction of water distribution systems owned and operated by the Water District. Because the Water District serves as a surrogate water utility for cities located within its boundaries, the reference currently contained in K.S.A. 12-6a02(e), as a practical matter, refers to the Water District's facilities. In certain areas of its territory, municipalities are experiencing rapid growth that has required construction of several large water distribution mains to serve these growing areas. The Water District has previously cooperated with the cities of Shawnee and Olathe to finance water distribution mains with this statute. Although the Attorney General's office approved the projects constructed in the city of Shawnee and the city of Olathe, they have informed the Water District that they have some concerns about the application of the general improvement and assessment law to Water District facilities, and it has been suggested that it would be beneficial to have this statute clarified.

House Bill 2727 is simply intended to clarify this subsection to specifically authorize the use of this statute to improve waterworks systems located within the boundaries of a suburban water district that service and benefit the areas in and around the municipalities providing the financing for the improvements.

Water District No. 1 of Johnson County therefore urges your support of House Bill 2727 to clarify the existing statutory provisions of the general improvement and assessment law.

MJA/grl

**Elec. & Local Gov.**

**Date:** 3-12-98

**Attachment:** # 1

**Testimony Presented on Behalf of  
WATER DISTRICT NO. 1 OF JOHNSON COUNTY  
Regarding House Bill No. 2769**

Presented at the  
Senate Committee On Governmental Organization & Elections  
On March 12, 1998

Water District No. 1 of Johnson County appears in support of House Bill No. 2769, which would authorize the Water District to utilize lease purchase agreements and financing leases to acquire goods when most economical to the District.

Water District No. 1 is a political subdivision organized as a regional water utility under K.S.A. 19-3501 et seq. to serve the suburban region in and around Johnson County. Water District No. 1 is governed by a seven (7) member elected Board and operates as a quasi-municipal corporation. It currently serves over 330,000 consumers.

Water District No. 1 is seeking this amendment to its statutes to specifically authorize the use of lease purchases and financing leases to acquire certain goods when more advantageous than a conventional lease or the initial purchase of the item. An increasing number of vendors are proposing the use of lease purchase agreements and financing leases to the Water District to acquire office machines, such as copy machines, computers, and other goods. In certain instances, the terms of these lease purchase agreements and financing leases are more favorable than the terms of conventional leases. Currently, the District's enabling statutes only authorize financing through the issuance of revenue bonds. Those statutes have been interpreted to allow the use of conventional leases but may prevent the use of lease purchase agreements or financing leases. Cities, counties and other entities subject to the cash basis law are specifically authorized by statute (K.S.A. 10-1116b) to enter into lease purchase agreements. A financing lease is a hybrid method of leasing that was created several years ago by Article 2A of the UCC and is similar to a conventional lease or a lease purchase agreement.

The elected Board of Water District No. 1 is requesting this amendment to K.S.A. 19-3516 to authorize the most economical method of acquiring goods. Water District No. 1 of Johnson County therefore urges your support of House Bill 2769 to clarify its existing statutory provisions and specifically authorize the use of lease purchases and financing leases.

MJA/grl

**Elec. & Local Gov.**

**Date:** 3-12-98

**Attachment:** # 2