

CHAPTER 82
SENATE BILL No. 232

AN ACT concerning taxing subdivisions; relating to pensions and other postemployment benefits; amending K.S.A. 10-1116 and 12-16,102 and repealing the existing sections.

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

Section 1. K.S.A. 12-16,102 is hereby amended to read as follows: 12-16,102. (a) Except as provided in this section, “taxing subdivision” means any city, county, township or other political subdivision of the state of Kansas having authority to levy taxes on taxable tangible property. A community college district shall not be considered a taxing subdivision for the purpose of this section. A school district shall not be considered a taxing subdivision for the purpose of this section except that any school district operating a public library pursuant to K.S.A. 72-1623, and amendments thereto, for that purpose, shall be considered a taxing subdivision for the purpose of this section.

(b) *For purposes of this section, “other postemployment benefits” means any postemployment healthcare, life insurance and other benefits provided by a taxing subdivision, other than pension benefits, so long as such benefits are provided separately from a pension plan.*

~~(b)~~(c) Any taxing subdivision may create and establish employee benefits contribution funds, *including pension, retirement or other postemployment benefits funds*, for (1) the taxing subdivision or (2) any political subdivision for which a tax is levied by such taxing subdivision for the purpose of paying the employer’s share of any employee *benefits, including pensions, retirement or other postemployment* benefits, exclusive of any salaries, wages or other direct payments to such employees, as may be prescribed in the ordinance or resolution of the governing body creating such funds. The taxing subdivision may receive and place in such funds any moneys from any source whatsoever which may be lawfully utilized for the purposes stated in the ordinance or resolution creating such funds, including the proceeds of tax levies authorized by law for such purposes.

~~(c)~~(d) The governing body of any taxing subdivision having established employee benefits funds, *including pension, retirement or other postemployment benefits funds* under subsection ~~(b)~~(c) is hereby authorized to levy an annual tax upon all taxable tangible property within the taxing subdivision in an amount determined by the governing body to be necessary for the purposes for which such funds were created and to pay a portion of the principal and interest on bonds issued under the authority of K.S.A. 12-1774, and amendments thereto, by cities located in the county.

(e) (1) *For the purpose of holding and investing the assets of other postemployment benefits funds, and notwithstanding the provisions of any statute, any taxing subdivision may, by ordinance or resolution, either establish one or more trust funds or determine to participate in a multiemployer trust fund.*

(2) *Each taxing subdivision establishing or participating in such a trust fund shall provide for the management and investment of such funds and any such trust. The taxing subdivision may establish a board or commission or designate an existing board or commission to manage the trust and invest the trust funds. Each taxing subdivision that chooses to establish or designate such a board or commission shall provide for the organization of and the manner of election or appointment of the members of such board or commission.*

(3) *Notwithstanding any limitations on the investment of municipal funds set forth in K.S.A. 12-1675, and amendments thereto, funds held in any such trust may be invested in accordance with the terms of such other postemployment benefit plans, as such terms may be amended from time to time. The investment and management of the assets of any such trust shall be in compliance with the prudent investor rule as set forth in K.S.A. 58-24a01 to 58-24a19, inclusive, and amendments thereto.*

(f) *The trust funds created pursuant to subsection (e) or in which money from other postemployment benefit funds is held and invested pursuant to subsection (e) shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. The taxing subdivision may receive and place in such trust funds any moneys from any source*

that may be lawfully utilized for the purposes stated in the ordinance or resolution creating such trust funds, including transfers from employee benefit funds established for other postemployment benefits.

(g) The provisions of subsections (c) and (e) of this section shall not operate to invalidate the establishment by any municipality or subdivision thereof, pursuant to the provisions of any statute, ordinance or resolution, of any other postemployment benefit system duly established prior to effective date of this act or of any trust duly established or board or commission duly established or designated prior to the effective date of this act with respect to other postemployment benefit systems.

Sec. 2. K.S.A. 10-1116 is hereby amended to read as follows: 10-1116. (a) The limits of indebtedness prescribed under the provisions of article 11 of chapter 10 of *the Kansas Statutes Annotated* may be exceeded when: (1) Payment has been authorized by a vote of the electors of the municipality; (2) provision has been made for payment by the issuance of bonds or temporary notes as provided by law; (3) provision has been made for payment by the issuance of no-fund warrants authorized by law and in the manner, and limited in amount as prescribed by law; (4) provision has been made for a revolving fund for the operation of any municipal airport financed and sustained partially or wholly by fees, rentals, proceeds from the sale of merchandise or charges for rendering services, received from the users of such airport; ~~or~~ (5) provision has been made for payment pursuant to a service agreement entered into pursuant to K.S.A. 12-5503, and amendments thereto; or (6) the indebtedness is created by a municipality in establishing a post-employment benefits trust fund in accordance with K.S.A. 12-16,102, and amendments thereto.

(b) Notwithstanding any other limits of indebtedness prescribed under the provisions of article 11 of chapter 10 of *the Kansas Statutes Annotated*, the following funds shall have as a limit of indebtedness an amount equal to 100% of the accrued revenue of the current fiscal year plus any balances carried forward, cash reserves, intergovernmental grants, and sums advanced to qualify for intergovernmental grants: (1) Special recreation facilities reserve funds set up by any board of park commissioners or any municipality for a revolving fund for the repair, replacement or addition to recreational facilities; (2) enterprise funds set up in any municipality to account for the financing of self-supporting activities of governmental units which render services on a user charge basis to the general public, such as municipal utilities engaged in the provision of water, electricity and natural gas and sanitary sewer systems which are financed by user charges; or (3) intragovernmental service funds or working capital funds established in any municipality to finance and account for services and commodities furnished by a designated agency of a governmental unit to other departments of the same governmental unit such as funds established for central garages and motor pools, central printing and duplicating services and central purchasing and stores departments.

The board of education of any school district, the board of regents of any municipal university or the board of trustees of any community college may enter into contracts for teachers and other necessary employees and for continuing operating expenses in excess of the amount of funds actually on hand for that purpose. The limit of indebtedness provided by this section shall never exceed 100% of the amount actually expended for school purposes for the last preceding fiscal year during which school was conducted.

(c) It shall be unlawful for any member of the governing body of any municipality, as defined in K.S.A. 10-1101, and amendments thereto, to knowingly vote for or in any manner aid or promote the entering into of any contract or the creation of any other indebtedness in violation of the provisions of this section.

Sec. 3. K.S.A. 10-1116 and 12-16,102 are hereby repealed.

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

Approved April 5, 2007.

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