

*Corrected*  
*SESSION OF 2002*

## **SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2947**

As Amended by House Committee on  
Local Government

### **Brief\***

HB 2947 amends the municipal bond law regarding the maximum interest rates that may be set on fixed rate or variable rate bonds to change the index used to determine the rate and to raise the maximum interest rate permitted based upon the new index.

The bill changes the interest rate index from the daily yield for 30-year to the 10-year treasury bonds published by the Bond Buyer in New York. Further, the percent or rate permitted above the index is changed from 2 percent to 3 percent. A new provision is added allowing 4 percent if the interest on the bonds is subject to federal income tax.

### **Background**

The bill was supported by the League of Kansas Municipalities and a municipal bond attorney. Proponents said the federal government ceased issuing 30-year treasury bonds in late 2001 and so the index cited in the Kansas bond statute no longer exists. Interest rates on the shorter term treasury bonds are generally lower than the 30-year bonds and so a maximum rate adjustment was needed. Proponents said the amendment was primarily a technical change in the law.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org/cgi-bin/fulltext/bills.cgi>