

SESSION OF 2009

SUPPLEMENTAL NOTE ON SENATE BILL NO. 35

As Amended by House Committee on
Local Government

Brief*

SB 35 would increase temporarily the cap on interest rates that is placed upon bonds issued by municipalities and other local taxing subdivisions of the state. Currently, statute prohibits the interest rate on bonds issued by a municipality or a local taxing subdivision from exceeding the daily yield for ten-year treasury bonds, plus 3.0 percent if the interest is not taxable or 4.0 percent if it is taxable. The bill would increase the cap until June 30, 2011, to be the daily yield for ten-year treasury bonds, plus:

- 10 percent if the interest is not taxable; or
- 13 percent if the interest is taxable.

Background

The League of Kansas Municipalities testified that several city officials expressed concern about the difficulty that municipalities may face in the near future to sell bonds due to low interest rates. Other proponents for the bill included the Kansas Association of Counties, the cities of Lawrence and Overland Park, Kansas Municipal Utilities, and bond counsel for local units of government.

There was no opponent testimony against the bill.

*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>

The House Committee on Local Government amended the bill by replacing the cap suspension with a temporary cap increase, and increasing the amount of time the temporary cap would apply by one year, until June 30, 2011.

The fiscal note on the original bill indicates that the bill would not have an effect on the state's revenue or expenditures.