

SESSION OF 2009

SUPPLEMENTAL NOTE ON SENATE BILL NO. 78

As Recommended by Senate Committee on
Commerce

Brief*

SB 78 would allow transportation development districts to pay for projects from the revenue derived from a development district sales tax. This would be an alternative to the issuance of bonds. If bonds were issued, the bill would allow for assessments to be reduced or eliminated after sufficient revenue has been raised from the development district sales tax, additional funds appropriated by the municipality, or both. A sales tax levied on the behalf of a transportation district would expire once sufficient revenue is raised for the project.

Background

Proponents of the bill included the Kansas League of Municipalities, the City of Overland Park, the Unified Government of Wyandotte County, the City and Chamber of Commerce of Lenexa, and bond counsel for local units of government. Proponents explained that the bill would provide greater financial flexibility for cities and counties for transportation-related projects. Under current law, the projects for a transportation development district are to be paid from a bond's proceeds. Debt service on the bonds may be paid from special assessments levied against the property, a development district sales tax, or both. Bond counsel observed that it is problematic to utilize a sales tax to pay the debt under existing statutes since the law requires property assessments to be levied in fixed annual installments. Proponents also stated that the issuance of bonds may be cost prohibitive due to the small size of many projects.

*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>

There was no opponent testimony against the bill.

The fiscal note prepared by the Division of the Budget indicates that the bill would not have an effect on the state's revenue or expenditures, and the Kansas Association of Counties expects the bill would not have an effect on county expenditures.