

SENATE BILL No. 193

By Committee on Commerce

1-25

10 AN ACT concerning matters pertaining to the state debt borrowings
11 for the state and state agencies.
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13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. (a) (1) It is the public policy of this state to encourage
15 fiscal responsibility ~~on with respect to~~ matters pertaining to state debt
16 ~~the borrowing of money for the state and state agencies.~~ In an effort
17 to finance essential capital projects for the benefit of residents of the
18 state at favorable interest rates, the state must continue to maintain its
19 excellent credit standing with investors. Authorizations of state debt fu-
20 ~~ture borrowing~~ must take into account the ability of the state to meet
21 ~~its total identify expected sources of payment to meet~~ debt service
22 requirements in light of and accommodate other demands on the state's
23 fiscal resources.

24 (2) The legislature declares that it is the policy of this state to exercise
25 prudence in undertaking the authorization and issuance of debt bonds
26 and notes for the benefit of the state and state agencies. In order to
27 implement this policy, the legislature desires to authorize the issuance of
28 additional state tax-supported debt only when such authorization would
29 not cause the ratio of debt service to revenue available to pay debt service
30 on tax-supported debt to exceed 6%. If the 6% target debt ratio will be
31 exceeded, the authorization of such additional debt must be accompanied
32 by a legislative statement of determination that such authorization and
33 issuance is in the best interest of the state and should be implemented.
34 (3) ~~The legislature shall not authorize the issuance of additional state~~
35 ~~tax-supported debt if such authorization would cause the designated~~
36 ~~benchmark debt ratio of debt service to revenues available to pay debt~~
37 ~~service to exceed 7% unless the legislature determines that such addi-~~
38 ~~tional debt is necessary to address a critical state emergency.~~
39 (b) The Kansas department of administration and the Kansas de-
40 velopment finance authority jointly shall conduct a debt affordability
41 analysis each year an affordability report each year to assist the gov-
42 ernor and the legislature in setting priorities among capital projects
43 and related appropriations. Proposed capital projects that require

In order to implement this policy, the legislature desires to authorize the issuance of additional state tax-supported debt only when such authorization would not cause the ratio of debt service to revenue available to pay debt service on tax-supported debt to exceed 6%. If the 6% target debt ratio will be exceeded, the authorization of such additional debt must be accompanied by a legislative statement of determination that such authorization and issuance is in the best interest of the state and should be implemented.

submit

1 funding by the issuance of additional state debt bonds and notes sup-
2 ported by the state general fund shall be evaluated on the basis of the
3 analysis to assist the governor and the legislature in setting priorities
4 among capital projects and related appropriations report.

. or any other fund or revenues of the state and state agencies.

5 (c) The Kansas development finance authority shall annually prepare
6 a debt affordability report to shall be presented to the board of directors
7 of the Kansas development finance authority, the president of the senate,
8 the speaker of the house of representatives and the chairperson of the
9 senate committee on ways and means and the house committee on ap-
10 propriations by December 15 of each year, for purposes of providing a
11 framework for the legislature to evaluate and establish priorities for bills
12 that propose the authorization of additional state debt during the next
13 budget year bonds and notes supported by appropriations from the
14 state general fund during the next budget year.

. or any other fund or revenues of the state and state agencies.

15 (d) The report prepared under subsection (c) shall include, but not
16 be limited to:

17 (1) A listing of state debt outstanding, other debt secured by state
18 revenues and other contingent debt all bonds and notes outstanding
19 secured by appropriations from the state general fund and other
20 bonds and notes secured by other funds and revenues of the state
21 and state agencies.

. or any other fund or revenues of the state and state agencies.

22 (2) An estimate of revenues funds available in the state general
23 fund for the next 10 fiscal years to pay debt service, including general
24 revenues plus any revenues specifically pledged to pay debt service on
25 bonds or notes supported by appropriations from the state general
26 fund, plus any additional funds or revenues that may specifically
27 be pledged through appropriations to pay debt service.

. or any other fund or revenues of the state and state agencies

28 (3) An estimate of additional debt issuance for the next 10 fiscal years
29 for the state's existing borrowing programs The provisions of a 10 year
30 capital improvements plan for state agencies.

31 (4) A schedule of the annual debt service requirements, including
32 principal and interest allocation, on the outstanding state debt and an
33 estimate of the annual debt service requirements on the debt included in
34 paragraph (d)(2) for each of the next 10 fiscal years with respect to all
35 bonds or notes supported by appropriations from the state general
36 fund.

. or any other fund or revenues of the state and state agencies

37 (5) An overview of the state's general obligation credit rating.
38 (6) Identification and calculation of pertinent debt ratios, including,
39 but not limited to, debt service to revenues available to pay debt service,
40 debt to personal income and debt per capita for the state's net tax sup-
41 ported debt on all bonds and notes for the benefit of the state and
42 state agencies to funds available to pay debt service, debt service
43 on all bonds and notes for the benefit of the state and state agencies

1 compared to personal income and the per capita amount of aggregate principal amount of outstanding bonds and notes for the benefit of the state and state agencies.

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4 (7) The estimated debt capacity available over the next 10 fiscal years without the benchmark-debt ratio of debt service to revenue exceeding 6%.

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7 —(9) A comparison of the debt ratios prepared for paragraph (d)(6), with the comparable debt ratios for the 10 most populous contiguous states.

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10 (e) The Kansas department of administration and the Kansas development finance authority shall prepare an update of the report set forth above upon completion of the revenue estimates prepared in connection with the legislative session.

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13 (f) Any entity issuing debt secured by state revenues authorized or seeking authorization to issue bonds or notes secured by appropriations from the state general fund shall provide the information necessary to prepare the debt affordability report.

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16 (g) Failure to comply with this section shall not affect the validity of any debt or the authorization of such debt bonds or notes or the authorization of such bonds or notes.

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22 Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

, or any other fund or revenues of the state and state agencies.