

Substitute for House Bill No. 2703  
By Committee on Appropriations

AN ACT concerning the authority of state agencies to enter into indebtedness on behalf of the state; relating to the issuance of bonds by the Kansas development finance authority; monthly reports by the authority; amending K.S.A. 74-8913 and K.S.A. 2015 Supp. 74-8905 and repealing the existing sections.

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

New Section 1. (a) On and after the effective date of this act, no state agency, any affiliated corporate entity of a state agency or other corporate entity created by a state agency shall enter into the following actions unless such action has first been specifically authorized for such purposes by an appropriation or other act of the legislature or has been approved by the state finance council subject to the provisions of subsection (b), acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in K.S.A. 75-3711c(c), and amendments thereto, except that such approval also may be given while the legislature is in session:

(1) Borrow money upon the credit of the state;

(2) contract any indebtedness on the credit of the state. Such indebtedness shall not include accounts payable and purchases using a credit card if such indebtedness is paid within 90 days of the date such indebtedness was entered into;

(3) issue bonds;

(4) acquire real estate by purchase, gift, devise or bequest:

(A) In an amount that is equal to or exceeds \$1,000,000, if a state agency has existing statutory authority to purchase real estate or accept a gift, devise or bequest; or

(B) if a state agency has no existing statutory authority to purchase real estate or accept a gift, devise or bequest;

(5) contract with a third party to maintain, construct or improve any institution or facility on state-owned property in any way if such contract is in an amount that is equal to or exceeds \$2,000,000;

(6) make expenditures for maintenance, construction or improvements for any institutions or facilities of such state agency in any way if such expenditure is in an amount that is equal to or exceeds \$2,000,000;

(7) pledge as collateral of any type any state-owned institution, facility or property;

(8) enter into an agreement or assignment in which the rent payments are pledged as collateral; or

(9) enter into or assume any municipal lease obligation in which the annual liability is in an amount that is equal to or exceeds \$1,000,000 or the term of such lease is greater than five years.

(b) (1) The state finance council may approve any action described in subsection (a) if the total cost of such action is:

(A) Equal to or less than \$5,000,000; or

(B) more than \$5,000,000 but less than \$25,000,000 and the state agency sends a certification describing the action to the state building advisory commission and the joint committee on state building construction more than 30 days prior to the request for the approval of the state finance council, and neither the state building advisory commission or the joint committee on state building construction has scheduled a meeting to consider such action. If such commission or committee has scheduled a meeting to consider such action, the state agency shall not request approval of such action by the state finance council until after such meeting.

(2) The state finance council shall not have the authority to approve any action described in subsection (a) that is equal to or exceeds \$25,000,000. Any such action that is equal to or exceeds \$25,000,000 shall be approved by an appropriation or other act of the legislature.

(3) The state finance council shall schedule a meeting to consider any approval required by this section within 30 days of request.

(4) The state finance council shall approve any gift, devise or bequest of real estate if such acquisition is in the best interest of the state.

(c) The dollar amounts established in this section shall be interpreted as applying to the entirety of the costs of any single maintenance, construction or improvement project, including concurrent phases of such maintenance, construction or improvement project. No agency shall subvert the provisions of this

section by dividing such projects into smaller projects in order to avoid the approvals required by this section.

(d) As used in this section, "state agency" means any state office or officer, department, board, commission, institution, bureau or any other state authority which may lawfully request a state appropriation.

(e) The provisions of this section shall not apply to:

(1) The department of transportation's authority pursuant to K.S.A. 68-2320 or 68-2328, and amendments thereto, or to any other existing statutory grant of authority to the department of transportation.

(2) The authority granted to the university of Kansas hospital authority pursuant to K.S.A. 76-3308 or 76-3312, and amendments thereto.

(3) State agency information technology projects.

(4) Routine maintenance performed by a state agency, any affiliated corporate entity of a state agency or other corporate entity created by a state agency on any state-owned institution, facility or property.

(5) A state agency refinancing debt, if such refinancing results in a decrease of the total debt liability of the state, including all interest expenses of such refinancing.

(6) The department of labor's authority pursuant to K.S.A. 44-712, and amendments thereto.

(7) Any financial services contract entered into pursuant to K.S.A. 75-3799, and amendments thereto, including services relating to installment purchase, lease, or lease-purchase of equipment, if such contract is in an amount that is less than \$1,000,000.

(8) A state agency which is leasing real estate for a special event if such lease is for less than one year in duration.

New Sec. 2.(a) There is hereby created the commission on public private partnership building projects. The commission shall review the following and make recommendations that the commission deems appropriate to the legislature:

(1) If and when public private partnership building projects are appropriate;

(2) the selection process used for advertising and awarding a public private partnership building project;

(3) the limitations or minimum financial participation of any parties involved with public private partnership building projects;

(4) the provisions of Section 1, and amendments thereto; and

(5) any other areas of study regarding public private partnership building projects that the commission deems appropriate.

(b) The commission shall have 9 members. Each of the following shall be a member: an appointee of the board of regents, an appointee of the associated general contractors of Kansas, the chairperson of the senate committee on ways and means, the chairperson of the house appropriations committee, an appointee of the speaker of the house of representatives, an appointee of the president of the senate, an appointee of the governor, an appointee of the American institute of architects and an appointee of the department of administration. The appointee of the speaker of the house of representatives shall be a member of the house of representatives. The appointee of the president of the senate shall be a member of the senate.

(c) After adjournment sine die of the 2016 regular session of the legislature, the commission shall meet to organize. The chairperson and vice chair person shall be appointed by the speaker of the house of representatives and the president of the senate and shall be members of different houses of the legislature.

(d) On or before December 31, 2016 the commission shall produce a report which shall contain recommendations for any legislative or executive act that the commission deems necessary regarding public private partnership building projects.

**[NOTE: No proposed amendments to sections 2, 3, 4 and 5 of the bill, see HB2703 for remaining sections]**