

HOUSE BILL No. 2388

By Committee on Appropriations

3-13

1 AN ACT authorizing the issuance of revenue bonds; relating to state
2 lottery revenues; amending K.S.A. 2016 Supp. 74-8711 and 74-8768
3 and repealing the existing sections; also repealing K.S.A. 2016 Supp.
4 74-8723.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 New Section 1. (a) The Kansas development finance authority is
8 hereby authorized to issue one or more series of revenue bonds pursuant to
9 the Kansas development finance authority act, K.S.A. 74-8901 et seq., and
10 amendments thereto, in an amount necessary to provide a deposit or
11 deposits to the state general fund in a total amount not to exceed
12 \$350,000,000, plus all amounts required to pay the costs of issuance of the
13 bonds, including insurance and any credit enhancement, interest costs and
14 to provide any required reserves for the bonds. No bonds shall be issued
15 until such issuance has been approved by a resolution of the state finance
16 council. The principal amount, interest rates and final maturity of such
17 revenue bonds and any bonds issued to refund such bonds or parameters
18 for such principal amount, interest rates and final maturity shall be
19 approved by a resolution of the state finance council. The bonds, and
20 interest thereon, issued pursuant to this section shall be financed by
21 appropriations from the state general fund or any other appropriate fund,
22 and shall be payable from moneys appropriated by the state for such
23 purpose, including, but not limited to, the appropriation of all or a portion
24 of the state lottery revenues. Neither the state nor the department of
25 administration shall have the power to pledge the full faith and credit or
26 taxing power of the state for debt service on any bonds issued pursuant to
27 this section, and any payment by the department of administration for such
28 purpose shall be subject to and dependent on appropriations by the
29 legislature. Any obligation of the state or the department of administration
30 for payment of debt service on bonds issued pursuant to this section shall
31 not be considered a debt or obligation of the state for the purpose of
32 section 6 of article 11 of the constitution of the state of Kansas.

33 (b) As used in this section, "state lottery revenues" means all moneys
34 credited to the lottery operating fund, established by K.S.A. 74-8711, and
35 amendments thereto, and the expanded lottery act revenues fund,
36 established by K.S.A. 2016 Supp. 74-8768, and amendments thereto.

1 (c) (1) The authority may pledge the contract or contracts authorized
2 in subsection (d), or any part thereof, for the payment or redemption of the
3 bonds, and covenant as to the use and disposition of moneys available to
4 the authority for payment of the bonds. The authority is authorized to enter
5 into any agreements necessary or desirable to effectuate the purposes of
6 this section.

7 (2) The proceeds from the sale of the bonds issued pursuant to this
8 section, after payment of any costs related to the issuance of such bonds,
9 shall be remitted by the authority to the state treasurer in accordance with
10 the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt
11 of such remittance, the state treasurer shall deposit the entire amount in the
12 state treasury to the credit of the state general fund.

13 (3) The state hereby pledges and covenants with the holders of any
14 bonds issued pursuant to the provisions of this section that the state will
15 not limit or alter the rights or powers vested in the authority by this
16 section, or limit or alter the rights or powers of the authority or the
17 department of administration in any manner which would jeopardize the
18 interest of the holders or any trustee of such holders or inhibit or prevent
19 performance or fulfillment by the authority or the department of
20 administration with respect to the terms of any agreement made with the
21 holders of the bonds or agreements made pursuant to this section, except
22 that the failure of the legislature to appropriate moneys for any purpose
23 shall not be deemed a violation of this pledge and covenant. The
24 department of administration is hereby specifically authorized to include
25 this pledge and covenant in any agreement with the authority. The
26 authority is hereby specifically authorized to include this pledge and
27 covenant in any bond resolution, trust indenture or agreement for the
28 benefit of holders of the bonds.

29 (4) Revenue bonds may be issued pursuant to this section without
30 obtaining the consent of any department, division, commission, board or
31 agency of the state, other than the approvals of the state finance council
32 required by this section, and without any other proceedings or the
33 occurrence of any other conditions or other things other than those
34 proceedings, conditions or things which are specifically required by the
35 Kansas development finance authority act.

36 (d) The department of administration and the authority are authorized
37 to enter into one or more contracts to implement the payment arrangement
38 that is provided for in this section. The contract or contracts shall provide
39 for payment of the amounts required to be paid pursuant to this section and
40 shall set forth the procedure for the transfer of moneys for the purpose of
41 paying such moneys. The contract or contracts shall contain such terms
42 and conditions, including principal amount, interest rates and final
43 maturity of the bonds of the authority issued pursuant to this section, as

1 shall be approved by resolution of the state finance council, and shall
2 include, but not be limited to, terms and conditions necessary or desirable
3 to provide for repayment of and to secure any bonds of the authority issued
4 pursuant to this section.

5 (e) The approvals by the state finance council required by subsections
6 (a) and (d) are hereby characterized as matters of legislative delegation and
7 subject to the guidelines prescribed in K.S.A. 75-3711c(c), and
8 amendments thereto. Such approvals may be given by the state finance
9 council when the legislature is in session.

10 (f) This section shall be a part of and supplemental to the Kansas
11 development finance authority act.

12 Sec. 2. K.S.A. 2016 Supp. 74-8711 is hereby amended to read as
13 follows: 74-8711. (a) There is hereby established in the state treasury the
14 lottery operating fund.

15 (b) Except as provided by K.S.A. 2016 Supp. 74-8724, *and*
16 *amendments thereto*, and the Kansas expanded lottery act, ~~and~~
17 ~~amendments thereto~~, the executive director shall remit all moneys
18 collected from the sale of lottery tickets and shares and any other moneys
19 received by or on behalf of the Kansas lottery to the state treasurer in
20 accordance with the provisions of K.S.A. 75-4215, and amendments
21 thereto. Upon receipt of each such remittance, the state treasurer shall
22 deposit the entire amount in the state treasury to the credit of the lottery
23 operating fund. Moneys credited to the fund shall be expended or
24 transferred only as provided by this act. Expenditures from such fund shall
25 be made in accordance with appropriations acts upon warrants of the
26 director of accounts and reports issued pursuant to vouchers approved by
27 the executive director or by a person designated by the executive director.

28 (c) Moneys in the lottery operating fund shall be used for:

29 (1) The payment of expenses of the lottery, which shall include all
30 costs incurred in the operation and administration of the Kansas lottery; all
31 costs resulting from contracts entered into for the purchase or lease of
32 goods and services needed for operation of the lottery, including but not
33 limited to supplies, materials, tickets, independent studies and surveys,
34 data transmission, advertising, printing, promotion, incentives, public
35 relations, communications and distribution of tickets and shares; and
36 reimbursement of costs of facilities and services provided by other state
37 agencies;

38 (2) the payment of compensation to lottery retailers;

39 (3) transfers of moneys to the lottery prize payment fund pursuant to
40 K.S.A. 74-8712, and amendments thereto;

41 (4) transfers to the state general fund pursuant to K.S.A. 74-8713, and
42 amendments thereto;

43 (5) *the repayment of bonds issued pursuant to section 1, and*

1 *amendments thereto;*

2 ~~(5)~~ (6) transfers to the state gaming revenues fund pursuant to
3 subsection (d) and as otherwise provided by law; and

4 ~~(6)~~ (7) transfers to the county reappraisal fund as prescribed by law.

5 (d) The director of accounts and reports shall transfer moneys in the
6 lottery operating fund to the state gaming revenues fund created by K.S.A.
7 79-4801, and amendments thereto, on or before the 15th day of each month
8 in an amount certified monthly by the executive director and determined as
9 follows, whichever is greater:

10 (1) An amount equal to the moneys in the lottery operating fund in
11 excess of those needed for the purposes described in subsections (c)(1)
12 through ~~(e)(4)~~ (c)(5); or

13 (2) except for pull-tab lottery tickets and shares, an amount equal to
14 not less than 30% of total monthly revenues from the sales of lottery
15 tickets and shares less estimated returned tickets. In the case of pull-tab
16 lottery tickets and shares, an amount equal to not less than 20% of the total
17 monthly revenues from the sales of pull-tab lottery tickets and shares less
18 estimated returned tickets.

19 Sec. 3. K.S.A. 2016 Supp. 74-8768 is hereby amended to read as
20 follows: 74-8768. (a) There is hereby created the expanded lottery act
21 revenues fund in the state treasury. All expenditures and transfers from
22 such fund shall be made in accordance with appropriation acts. All moneys
23 credited to such fund shall be expended or transferred only for the
24 purposes of reduction of state debt, state infrastructure improvements, the
25 university engineering initiative act, reduction of local ad valorem tax in
26 the same manner as provided for allocation of amounts in the local ad
27 valorem tax reduction fund ~~and~~, reduction of the unfunded actuarial
28 liability of the system attributable to the state of Kansas and participating
29 employers under K.S.A. 74-4931, and amendments thereto, by the Kansas
30 public employees retirement system *and repayment of bonds issued*
31 *pursuant to section 1, and amendments thereto.*

32 (b) On July 1, 2012, July 1, 2013, July 1, 2014, July 1, 2015, July 1,
33 2016, July 1, 2017, July 1, 2018, July 1, 2019, July 1, 2020, and July 1,
34 2021, or as soon thereafter such date as moneys are available, the first
35 \$10,500,000 credited to the expanded lottery act revenues fund shall be
36 transferred by the director of accounts and reports from the expanded
37 lottery act revenues fund in one or more substantially equal amounts, to
38 each of the following: The Kan-grow engineering fund – KU, Kan-grow
39 engineering fund – KSU and Kan-grow engineering fund – WSU. Each
40 such special revenue fund shall receive \$3,500,000 annually in each of
41 such years. Commencing in fiscal year 2014, after such transfer has been
42 made, 50% of the remaining moneys credited to the fund shall be
43 transferred on a quarterly basis by the director of accounts and reports

1 from the fund to the Kansas public employees retirement system fund to
2 be applied to reduce the unfunded actuarial liability of the system
3 attributable to the state of Kansas and participating employers under
4 K.S.A. 74-4931 et seq., and amendments thereto, until the system as a
5 whole attains an 80% funding ratio as certified by the board of trustees of
6 the Kansas public employees retirement system.

7 Sec. 4. K.S.A. 2016 Supp. 74-8711, 74-8723 and 74-8768 are hereby
8 repealed.

9 Sec. 5. This act shall take effect and be in force from and after its
10 publication in the Kansas register.