

**HOUSE BILL No. 2008**

By Representative Ward

6-3

1 AN ACT concerning appropriations for the fiscal year ending June 30,  
2 2021, for the department of transportation; authorizing the issuance of  
3 certain bonds; amending K.S.A. 68-2320 and repealing the existing  
4 section.

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

7 Section 1.

8 DEPARTMENT OF TRANSPORTATION

9 (a) In addition to the other purposes for which expenditures may be  
10 made by the above agency from the moneys appropriated from the state  
11 general fund or from any special revenue fund or funds for fiscal year  
12 2021 for the above agency as authorized by 2020 Senate Bill No. 66, this  
13 or other appropriation act of the 2020 special session, expenditures shall  
14 be made by such agency from moneys appropriated from the state general  
15 fund or from any special revenue fund or funds for fiscal year 2021 for the  
16 purposes of reconstruction and maintenance of existing highways:  
17 *Provided, however,* That if the above agency has insufficient funds to  
18 expend on such reconstruction and maintenance projects, then the above  
19 agency is hereby authorized and empowered to issue additional bonds  
20 pursuant to K.S.A. 68-2320, and amendments thereto, except as further  
21 provided by this section, in an amount not to exceed \$100,000,000 during  
22 fiscal year 2021: *And provided, however,* That any additional bonds issued  
23 pursuant to this section shall not be subject to the limitations established  
24 on maximum annual debt service by K.S.A. 68-2320(c), and amendments  
25 thereto.

26 Sec. 2. K.S.A. 68-2320 is hereby amended to read as follows: 68-  
27 2320. (a) On and after July 1, 1991, the secretary of transportation is  
28 hereby authorized and empowered to issue bonds of the state of Kansas,  
29 payable solely from revenues accruing to the state highway fund and  
30 transferred to the highway bond debt service fund and pledged to their  
31 payment, for the purpose of providing funds to pay costs relating to  
32 construction, reconstruction, maintenance or improvement of highways in  
33 this state and to pay all expenses incidental thereto and to the bonds. The  
34 secretary is hereby authorized to issue bonds the total principal amount of  
35 which shall not exceed \$890,000,000.

36 (b) In addition to the provisions of subsection (a), on and after July 1,

1 1999, the secretary of transportation is hereby authorized and empowered  
2 to issue bonds of the state of Kansas, payable solely from revenues  
3 accruing to the state highway fund and transferred to the highway bond  
4 debt service fund and pledged to their payment, for the purpose of  
5 providing funds to pay costs relating to construction, reconstruction,  
6 maintenance or improvement of highways in this state and to pay all  
7 expenses incidental thereto and to the bonds. The secretary is hereby  
8 authorized to issue bonds the total principal amount of which shall not  
9 exceed \$1,272,000,000.

10 (c) (1) In addition to the provisions of subsections (a) and (b), on and  
11 after July 1, 2010, the secretary of transportation is hereby authorized and  
12 empowered to issue additional bonds of the state of Kansas, payable solely  
13 from revenues accruing to the state highway fund and transferred to the  
14 highway bond debt service fund and pledged to their payment, for the  
15 purpose of providing funds to pay costs relating to construction,  
16 reconstruction, maintenance or improvement of highways in this state and  
17 to pay all expenses incidental thereto and to the bonds. On and after the  
18 effective date of this act, except as provided further, no bonds shall be  
19 issued by the secretary pursuant to this subsection unless the secretary  
20 certifies that, as of the date of issuance of any such series of additional  
21 bonds, the maximum annual debt service on all outstanding bonds issued  
22 pursuant to this section and K.S.A. 68-2328, and amendments thereto,  
23 including the bonds to be issued on such date, will not exceed 18% of  
24 projected state highway fund revenues for the current or any future fiscal  
25 year. During the fiscal year ending June 30, 2018, and the fiscal year  
26 ending June 30, 2019, the limitation on the amount of the maximum total  
27 amount of principal on all outstanding bonds issued pursuant to this  
28 subsection and K.S.A. 68-2328, and amendments thereto, for the purpose  
29 of issuing any such series of additional bonds authorized by the secretary  
30 shall be \$1,700,000,000 of the total principal for the transportation works  
31 for Kansas program authorized under K.S.A. 68-2314b et seq., and  
32 amendments thereto 2021, any bonds that have been issued pursuant to  
33 section 1 shall not be counted toward the limit on maximum annual debt  
34 service established under this section. The provisions of this section  
35 relating to limitations of bonded indebtedness shall not in any way impair  
36 the rights and remedies of the holders of any bonds issued prior to the  
37 effective date of this act.

38 (2) As used in this subsection:

39 (A) "Maximum annual debt service" means the maximum amount of  
40 debt service requirements on all outstanding bonds for the current or any  
41 future fiscal year;

42 (B) "debt service requirements" means, for each fiscal year, the  
43 aggregate principal and interest payments required to be made during such

1 fiscal year on all outstanding bonds, including the additional bonds to be  
2 issued, less any interest subsidy payments expected to be received from  
3 the federal government, less any principal and interest payments  
4 irrevocably provided for from a dedicated escrow of United States  
5 government securities;

6 (C) "projected state highway fund revenues" means all revenues  
7 projected by the secretary of transportation to accrue to the state highway  
8 fund for the current or any future fiscal year; and

9 (D) "fiscal year" means the fiscal year of the state.

10 (3) Debt service requirements for variable rate bonds outstanding or  
11 proposed to be issued for the current or any future fiscal year for which the  
12 actual interest rate cannot be determined on the date of calculation shall be  
13 deemed to bear interest at an assumed rate equal to the average of the  
14 SIFMA swap index, or any successor variable rate index, for the  
15 immediately preceding five calendar years plus 1% and an amount  
16 determined by the secretary that represents the then current reasonable  
17 annual ancillary costs associated with variable rate debt, including credit  
18 enhancement, liquidity and remarketing costs; except that, debt service  
19 requirements for variable rate bonds that are hedged pursuant to an interest  
20 rate exchange or similar agreement that results in synthetic fixed rate debt  
21 shall be deemed to bear interest at the synthetic fixed rate plus .5% and an  
22 amount determined by the secretary that represents the then current  
23 reasonable annual ancillary costs associated with variable rate debt,  
24 including credit enhancement, liquidity and remarketing costs.

25 (4) Projected state highway fund revenues for the current or any  
26 future fiscal year for which the actual revenues cannot be determined on  
27 the date of calculation shall be deemed to be the actual revenues for the  
28 most recently completed fiscal year, adjusted in each subsequent fiscal  
29 year by a percentage equal to the historical average annual increase or  
30 decrease in revenues for the five fiscal year period prior to the current  
31 fiscal year, and further adjusted to take into account any increases or  
32 decreases in the statutory rates of any taxes or other charges or transfers  
33 that comprise a portion of the revenues.

34 (d) In accordance with procurement statutes, the secretary may  
35 contract with financial advisors, attorneys and such other professional  
36 services as the secretary deems necessary to carry out the provisions of  
37 this act, and to do all things necessary or convenient to carry out the  
38 powers expressly granted in this act.

39 Sec. 3. K.S.A. 68-2320 is hereby repealed.

40 Sec. 4. This act shall take effect and be in force from and after its  
41 publication in the statute book.