

SESSION OF 2007

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 112**

As Amended by House Committee of the Whole

**Brief\***

SB 112 would amend an examination reporting requirement that currently requires the submission of an examination report of an insurance company, conducted by the insurance department where the company is domiciled, within three years of the date of application to the Insurance Commissioner. The amendment would provide for a five-year period for the company to submit its examination report to the Insurance Commissioner.

The bill also would amend a provision of the general bond law governing the sale of municipal bonds by providing that a city would be allowed to issue up to \$2.0 million in certain municipal bond sales before a published notice of sale would be required. Additionally, the bill would create a requirement for bonds sold at a private sale. Officers in charge of the sale would be required to publish, within 14 business days, a one-time notice of sale in both a newspaper of general circulation in the county where the bonds are issued and in the *Kansas Register*. The notice would be required to contain the name of the purchaser, the total par value, the interest rate, and the amount paid.

Under current law, a public notice of sale is required for municipal bond sales greater than \$100,000.

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\*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>

## **Background**

SB 112 was requested by the Insurance Commissioner whose representative indicated that the bill would put the Kansas Insurance Department in line with the majority of states' insurance departments as most states currently do not administer examinations more often than every five years. As a result, the Department often must waive the examination requirement and accept reports of examinations that have been conducted within five years, instead of three years.

The House Committee of the Whole inserted the provisions of SB 154 (notice requirements for municipal bond sales), as amended by the House Committee on Insurance and Financial Institutions. The Committee of the Whole amendment makes one change to the SB 154 provisions by extending the publication time frame from five days to 14 days.

The fiscal note prepared by the Division of the Budget on the original bill indicates that passage of the bill would have no fiscal effect on the operations of the Kansas Insurance Department.

The fiscal note for SB 154 indicates that passage of the bill would eliminate, according to the League of Kansas Municipalities, the requirement that a notice of sale be published one time in a newspaper for certain municipal bond sales. Publishing notices increase the costs of a bond issuance. However, the League of Kansas Municipalities is unable to estimate the number of notices that cities would no longer be required to publish as a result of this bill.