

SESSION OF 2007

SUPPLEMENTAL NOTE ON SENATE BILL NO. 154

As Amended by House Committee on
Insurance and Financial Institutions

Brief*

SB 154, as amended, 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. The bill also would create a requirement for bonds sold at private sale. Officers in charge of the sale would be required to publish, within five 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.

Background

SB 154 was introduced by Senator Jean Schodorf. A representative of the City of Wichita testified in support of the bill, noting that currently the City is carrying \$217 million in special assessment debt and that by raising the cap on negotiated bond placements, the City could pool as much as \$2 million in 20-year bonds and work directly with local bond houses to place the obligations at a more competitive rate.

The House Committee on Insurance and Financial Institutions amendment inserted a publication requirement for

*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>

bonds sold at private sale. The amendment was requested by the Kansas Press Association. A technical amendment also was made to assign numbering to a provision for certain bonds.

The fiscal note prepared by the Division of the Budget 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.