

SESSION OF 2008

**SECOND
CONFERENCE COMMITTEE REPORT BRIEF
SENATE BILL NO. 239**

As Agreed to April 2, 2008

Brief*

SB 239 would amend a provision of the general bond law governing the sale of municipal bonds at public notice sale. Specifically, the bill would amend an exception to the public notice of sale to allow a city 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 that are to be sold at a private sale. Officers in charge of the sale would be required to publish, in advance of the sale, a notice of intent to seek private placement of such bonds in a newspaper having general circulation in the county where the bonds are issued and in the *Kansas Register*. The notice would be required to state the maximum aggregate principal amount of the bonds, and include that the proposed sale is in all respects subject to the subsequent approval of an appropriate bond purchase agreement and an ordinance for the issuance of bonds.

Under current law, the provisions relating to a public notice of sale do not apply to municipal bond sales greater than \$100,000.

Conference Committee Action

The Conference Committee agreed to the House amendments and agreed to further amend the bill to delete the provisions pertaining to prompt payment and insert provisions

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/klrd>

pertaining to the sale of municipal bonds. (The provisions relating to prompt payment of claims were included in 2007 SB 271.) The inserted provisions were taken from SB 154 (as amended by House Committee of the Whole action to SB 112 in 2007) and were further amended by the Conference Committee.

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 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 first report made by the Conference Committee also amended provisions relating to the sale of municipal bonds. Those provisions were taken from SB 154 (as amended by House Committee of the Whole action to SB 112 in 2007).

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.