

HOUSE BILL No. 2429

By Committee on Appropriations

3-2

1 AN ACT concerning cities; establishing the city utility low-interest loan
2 program; allowing cities to apply to the state treasurer for loans from
3 state unencumbered funds for extraordinary electric or natural gas costs
4 incurred during the extreme winter weather event of February 2021;
5 amending K.S.A. 75-4237 and repealing the existing section.
6

7 *Be it enacted by the Legislature of the State of Kansas:*

8 New Section 1. (a) Sections 1 through 6, and amendments thereto,
9 shall be known and may be cited as the city utility low-interest loan
10 program.

11 (b) The city utility low-interest loan program shall be a part of and
12 supplemental to article 42 of chapter 75 of the Kansas Statutes Annotated,
13 and amendments thereto.

14 New Sec. 2. As used in the city utility low-interest loan program:

15 (a) "City" means a city organized and existing under the laws of
16 Kansas;

17 (b) "director of investments" means the person appointed as the
18 director of investments pursuant to K.S.A. 75-4222, and amendments
19 thereto;

20 (c) "loan" means a deposit of unencumbered state funds to a city
21 pursuant to the program; and

22 (d) "program" means the city utility low-interest loan program.

23 New Sec. 3. (a) (1) The state treasurer is hereby authorized to
24 administer the city utility low-interest loan program.

25 (2) The program shall be for the purpose of providing loans to cities
26 for extraordinary electric or natural gas costs incurred during the extreme
27 winter weather event of February 2021.

28 (3) The total aggregate amount of loans under the program shall not
29 exceed \$100,000,000 of unencumbered funds pursuant to article 42 of
30 chapter 75 of the Kansas Statutes Annotated, and amendments thereto.

31 (b) The state treasurer shall adopt all rules and regulations necessary
32 to administer the provisions of the program including the development of a
33 streamlined application process. Such rules and regulations shall be
34 adopted not later than January 1, 2022, except that such streamlined
35 application process shall be established within 14 days from the effective
36 date of this act. The adoption of such rules and regulations shall not be a

1 prerequisite for the approval of loans by the state treasurer under the
2 program. The state treasurer shall approve loans under the program in the
3 most expeditious manner possible on or after the effective date of this act.

4 (c) The state treasurer shall submit an annual report to the governor
5 and the legislature identifying the cities that are participating in the
6 program. Such annual report shall provide the aggregate amount of
7 moneys loaned and the amount of moneys still available for loan, if any.
8 Such report shall be due on or before January 1, 2022, and each January 1
9 thereafter.

10 (d) The legislature shall perform a review of the program as part of
11 the state treasurer's annual report on or after January 1, 2024.

12 New Sec. 4. (a) The state treasurer is hereby authorized to
13 disseminate information and to provide loan applications as soon as
14 practicable on or after the effective date of this act to cities for
15 participation in the program.

16 (b) A city shall forward to the state treasurer an application in the
17 form and manner prescribed and approved by the state treasurer. The
18 application shall include information regarding the amount of the loan
19 requested by the city and such other information that the state treasurer
20 may require, including, but not limited to, the specific fund or account of
21 the city in which loan proceeds shall be deposited. Such application shall
22 contain a certification by the governing body of the city that, if the city
23 receives any federal moneys related to the extreme winter weather event of
24 February 2021, the first priority for expenditure of such moneys shall be
25 for the payment of any outstanding balance of a loan made to the city
26 under the program.

27 (c) The loan shall be only for those extraordinary electric or natural
28 gas costs incurred during the extreme winter weather event of February
29 2021, as certified by the governing body of the city, and not for any other
30 utility costs previously budgeted for by the city.

31 (d) No loan shall be amortized for a period of more than 10 years.
32 Payments on such loan shall not be required to be made more frequently
33 than annually but may be made more frequently upon agreement between
34 the city and the state treasurer.

35 New Sec. 5. (a) The state treasurer may accept or reject an
36 application based on the state treasurer's evaluation of whether the city
37 meets the requirements of the program. If sufficient funds are not available
38 for a loan, the applications may be considered in the order received when
39 funds are once again available.

40 (b) Upon acceptance of an application, the state treasurer shall certify
41 to the director of investments the amount required for such loan and the
42 director of investments shall place a deposit of such certified amount with
43 the specific fund or account of the city indicated in the loan application

1 and approved by the state treasurer. The interest rate on a loan shall be 2%
2 below the market rate as provided in K.S.A. 75-4237, and amendments
3 thereto, and shall be recalculated on the first business day of January of
4 each year using the market rate then in effect. The minimum interest rate
5 shall be 0.25% if the market rate is below 2.25%. When necessary, the
6 state treasurer may request the director of investments to place such
7 deposit with the city prior to approval of an application.

8 (c) All moneys received by the state treasurer from cities for payment
9 of loans made under the program shall be deposited in the state treasury to
10 the credit of the pooled money investment portfolio.

11 New Sec. 6. (a) To the extent that any provisions of sections 1
12 through 6, and amendments thereto, conflict with the provisions of article
13 42 of chapter 75 of the Kansas Statutes Annotated, or any other provision
14 of law, the provisions of sections 1 through 6, and amendments thereto,
15 shall control.

16 (b) Any loan made to a city under the program shall not be
17 considered bonded indebtedness for the purposes of K.S.A. 10-308, and
18 amendments thereto, or any other statute imposing a limitation on
19 indebtedness of a city.

20 Sec. 7. K.S.A. 75-4237 is hereby amended to read as follows: 75-
21 4237. (a) The director of investments shall accept requests from banks
22 interested in obtaining investment accounts of state moneys. Such requests
23 may be submitted any business day and shall specify the dollar amount
24 and maturity. The director of investments is authorized to award the
25 investment account to the requesting bank at the market rate established by
26 subsection (b). Awards of investment accounts pursuant to this section
27 shall be subject to investment policies of the pooled money investment
28 board. When multiple requests are received and are in excess of the
29 amount available for investment that day for any maturity, awards shall be
30 made available in ascending order from smallest to largest dollar amount
31 requested, subject to investment policies of the board.

32 (b) The market rate shall be determined each business day by the
33 director of investments, in accordance with any procedures established by
34 the pooled money investment board. Subject to any policies of the board,
35 the market rate shall reflect the highest rate at which state moneys can be
36 invested on the open market in investments authorized by ~~subsection (a) of~~
37 K.S.A. 75-4209(a), and amendments thereto, for equivalent maturities.

38 (c) (1) Notwithstanding the provisions of this section, linked deposits
39 made pursuant to the provisions of K.S.A. 2-3703 through 2-3707, and
40 amendments thereto, shall be at an interest rate ~~which that~~ is 2% less than
41 the market rate determined under this section and ~~which that~~ shall be
42 recalculated on the first business day of each calendar year using the
43 market rate then in effect.

1 (2) Notwithstanding the provisions of this section, agricultural
2 production loan deposits made pursuant to the provisions of K.S.A. 75-
3 4268 through 75-4274, and amendments thereto, shall be at *an interest*
4 *rate that is 2% less than the market rate provided by this section and*
5 ~~which~~ *that shall be recalculated on the first business day of each calendar*
6 *year using the market rate then in effect.*

7 (3) *Notwithstanding the provisions of this section, loan deposits made*
8 *pursuant to the city utility low-interest loan program shall be at an interest*
9 *rate that is 2% less than the market rate provided by this section and that*
10 *shall be recalculated on the first business day of each calendar year using*
11 *the market rate then in effect.*

12 (d) (1) The director of investments may place deposits through a
13 selected bank, savings and loan association or savings bank ~~which~~ *that is*
14 *part of a reciprocal deposit program in which the bank, savings and loan*
15 *association or savings bank:*

16 ~~(A)~~ (A) *Receives reciprocal deposits from other participating*
17 *institutions located in the United States in an amount equal to the amount*
18 *of funds deposited by the municipal corporation or quasi-municipal*
19 *corporation; and*

20 ~~(B)~~ (B) *for which the total cumulative amount of each deposit does not*
21 *exceed the maximum deposit insurance amount for one depositor at one*
22 *financial institution as determined by the federal deposit insurance*
23 *corporation.*

24 (2) Such deposits shall not be treated as securities and need not be
25 secured as provided in this or any other act, except that such deposits shall
26 be secured as provided in K.S.A. 75-4218, and amendments thereto, when
27 they are held by the selected financial institution prior to placement with
28 reciprocal institutions or upon maturity.

29 (e) The pooled money investment board shall establish procedures for
30 administering reciprocal deposit programs in its investment policies, as
31 authorized by K.S.A. 75-4232, and amendments thereto.

32 Sec. 8. K.S.A. 75-4237 is hereby repealed.

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