

## HOUSE BILL No. 2388

By Committee on Appropriations

3-11

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1 AN ACT concerning housing; relating to the Kansas development finance  
2 authority; authorizing the issuance of mortgage revenue bonds;  
3 amending K.S.A. 74-8903 and 74-8912 and K.S.A. 2010 Supp. 74-  
4 8902, 74-8904 and 74-8905 and repealing the existing sections.

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

6 New Section 1. Programs funded with proceeds of bonds issued  
7 under subsection (h) of K.S.A. 74-8905, and amendments thereto, shall not  
8 be restricted by the Kansas development finance authority to prevent such  
9 programs from being available in all counties of the state, and the Kansas  
10 development finance authority shall adopt policies to facilitate the  
11 financing of home mortgage loans in those areas of the state which are not  
12 included in any metropolitan statistical area. For a period of at least 90  
13 days following the issuance of bonds under subsection (h) of K.S.A. 74-  
14 8905, and amendments thereto, the Kansas development finance authority  
15 shall reserve for use in financing home mortgage loans in those areas of  
16 the state which are not included in any metropolitan statistical area a  
17 minimum of 20% of the amount of the proceeds of such bonds that are  
18 available to finance home mortgage loans.

19 New Sec. 2. (a) Prior to July 1, 2011, the secretary of commerce shall  
20 prepare and submit proposed rules and regulations to the joint committee  
21 on administrative rules and regulations setting forth an objective scoring  
22 matrix for the purpose of allocating housing tax credits pursuant to this act.  
23 The secretary of commerce shall use and apply the objective scoring  
24 matrix in the allocation of the housing tax credits.

25 (b) The provisions of this section shall be part of and supplemental to  
26 the Kansas private activity bond allocation act, K.S.A. 74-5058 et seq.,  
27 and amendments thereto.

28 New Sec. 3. The Kansas development finance authority, established  
29 by K.S.A. 74-8903, and amendments thereto, shall be audited under the  
30 Kansas governmental operations accountability law and shall be reviewed  
31 and evaluated during the 2012 regular session of the legislature, or such  
32 other regular session of the legislature designated by the legislative post  
33 audit committee, in accordance with the provisions of subsection (c) of  
34 K.S.A. 74-7285, and amendments thereto.

35 Sec. 4. K.S.A. 2010 Supp. 74-8902 is hereby amended to read as

1 follows: 74-8902. The following words or terms used in this act shall have  
2 the following meanings unless a different meaning clearly appears from  
3 the context:

4 (a) "Act" means the Kansas development finance authority act.

5 (b) "Authority" means the Kansas development finance authority  
6 created by K.S.A. 74-8903, and amendments thereto.

7 (c) "Agricultural business enterprises" means facilities supporting or  
8 utilized in the operation of farms, ranches and other agricultural,  
9 aquacultural or silvicultural commodity producers and services provided in  
10 conjunction with the foregoing. "Agricultural business enterprise" shall not  
11 include a swine production facility on agricultural land which is owned,  
12 acquired, obtained or leased by a corporation, limited liability company,  
13 limited partnership, corporate partnership or trust.

14 (d) "Agricultural land," "corporation," "corporate partnership,"  
15 "limited liability company," "limited partnership," "swine production  
16 facility" and "trust" have the meanings ascribed pursuant to K.S.A. 17-  
17 5903, and amendments thereto.

18 (e) "Board of directors" means the board of directors of the authority  
19 created by K.S.A. 74-8903, and amendments thereto.

20 (f) "Bonds" means any bonds, notes, debentures, interim certificates,  
21 grant and revenue anticipation notes, interest in a lease, lease certificate of  
22 participation or other evidences of indebtedness, whether or not the  
23 interest on which is subject to federal income taxation, issued by the  
24 authority pursuant to this act.

25 (g) "Capital improvements" means any physical public betterment or  
26 improvement or any preliminary plans, studies or surveys relative thereto;  
27 land or rights in land, including, without limitations, leases, air rights,  
28 easements, rights-of-way or licenses; and any furnishings, machinery,  
29 vehicles, apparatus or equipment for any public betterment or  
30 improvement.

31 (h) "Construct" means to acquire or build, in whole or in part, in such  
32 manner and by such method as the authority shall determine to be in the  
33 public interest and necessary to accomplish the purposes of and authority  
34 set forth in this act.

35 (i) "Loans" means loans made for the purposes of financing any of  
36 the activities authorized within this act, including loans made to financial  
37 institutions for funding or as security for loans made for accomplishing  
38 any of the purposes of this act and reserves and expenses appropriate or  
39 incidental thereto.

40 (j) "Educational facilities" means real, personal and mixed property  
41 of any and every kind intended by an educational institution in furtherance  
42 of its educational program.

43 (k) "Facilities" means any real property, personal property or mixed

1 property of any and every kind.

2 (l) "Health care facilities" means facilities for furnishing physical or  
3 mental health care.

4 (m) "Housing development" means any work or undertaking, whether  
5 new construction or rehabilitation, which is designed and financed  
6 pursuant to the provisions of this act for the primary purpose of providing  
7 dwelling accommodations for elderly persons and families of low income  
8 in need of housing.

9 (n) "Industrial enterprise" means facilities for manufacturing,  
10 producing, processing, assembling, repairing, extracting, warehousing,  
11 distributing, communications, computer services, transportation, corporate  
12 and management offices and services provided in connection with any of  
13 the foregoing, in isolation or in any combination, that involve the creation  
14 of new or additional employment or the retention of existing employment.

15 (o) "Political subdivision" means political or taxing subdivisions of  
16 the state, including municipal and quasi-municipal corporations, boards,  
17 commissions, authorities, councils, committees, subcommittees and other  
18 subordinate groups or administrative units thereof, receiving or expending  
19 and supported, in whole or in part, by public funds and any municipality as  
20 defined in K.S.A. 75-1117, and amendments thereto.

21 (p) "Pooled bonds" means bonds of the authority, the interest on  
22 which is subject to federal income taxation, which are issued for the  
23 purpose of acquiring bonds issued by two or more political subdivisions.

24 (q) "Research facilities" means facilities for use in research and  
25 development activities, whether conducted for-profit or not-for-profit, of  
26 an agricultural business enterprise, industrial enterprise or any other  
27 commercial enterprise or educational institution or health care institution.

28 (r) "State" means the state of Kansas.

29 (s) "State agency" means any office, department, board, commission,  
30 bureau, division, public corporation, agency or instrumentality of this  
31 state.

32 (t) "Federal entity" means the government of the United States of  
33 America or any bureau, department, instrumentality or other agency of the  
34 federal government.

35 (u) "Home" means: (1)(A) a one to four family residence;

36 (B) a condominium as defined in K.S.A. 58-3102, and amendments  
37 thereto;

38 (C) a manufactured home, as defined by K.S.A. 58-4202, and  
39 amendments thereto; or

40 (D) a mobile or modular home, as defined by K.S.A. 58-4202, and  
41 amendments thereto, having a permanent foundation which may not be  
42 removed intact from the land; and

43 (2) consists of the land and improvements thereon, which is either

1 owned and occupied or is owned and is to be occupied by the mortgagor,  
2 and in the case of a two to four family residence, one unit of the residence  
3 shall be either owned and occupied or is owned and is to be occupied by  
4 the mortgagor.

5 (v) "Home mortgage loan" means a loan to a mortgagor evidenced  
6 by a promissory note and secured by a mortgage, purchased or originated  
7 by the authority made for the purpose of acquiring, constructing or  
8 improving a home.

9 (w) "Lending institution" means any bank, bank holding company,  
10 credit union, trust company, savings bank, national banking association,  
11 savings and loan association, building and loan association, mortgage  
12 banker or other financial institution which customarily originates or  
13 services home mortgages.

14 (x) "Mortgagor" means any person of low or moderate income who  
15 has received or qualifies to receive a home mortgage loan on a home.

16 (y) "Persons of low or moderate income" means a person or family,  
17 consisting of one or more persons all of whom occupy or will occupy the  
18 home, whose aggregate gross income shall not exceed a maximum amount  
19 to be established by the authority, determined in accordance with  
20 appropriate criteria, rules and regulations and approved by the authority  
21 in connection with the implementation of a residential housing finance  
22 plan.

23 (z) "Residential housing finance plan" means a program implemented  
24 under this act by the authority to assist persons of low or moderate income  
25 in acquiring safe, decent and sanitary housing. Such plan shall include  
26 provisions allowing each lending institution with an office located within  
27 the state an equal opportunity to participate in accordance with the  
28 standards and requirements established by the authority. Nothing in this  
29 subsection shall preclude the use of out-of-state master services.

30 Sec. 5. K.S.A. 74-8903 is hereby amended to read as follows: 74-  
31 8903. (a) There is hereby created, with such duties and powers as are  
32 hereinafter set forth to carry out the provisions of this act, a public body  
33 politic and corporate, with corporate succession, to be an independent  
34 instrumentality of this state exercising essential public functions, and to be  
35 known as the Kansas development finance authority.

36 (b) The provisions of the Kansas governmental operations  
37 accountability law apply to the Kansas development finance authority and  
38 the authority is subject to audit, review and evaluation under such law.

39 (b) (c) The board of directors of the authority shall consist of the ~~five~~  
40 ~~seven~~ members to be appointed by the governor. Two of such members  
41 shall be individuals with housing expertise, as determined by the governor.  
42 Not less than ~~three~~ four voting members of such board shall be  
43 representative of the general public and not more than ~~three~~ four voting

1 members shall be members of the same political party.

2 (e) (d) Members appointed by the governor shall be subject to  
3 confirmation by the senate as provided by K.S.A. 75-4315b, and  
4 amendments thereto. Except as provided by K.S.A. 46-2601, and  
5 amendments thereto, no person appointed to the board, whose appointment  
6 is subject to confirmation, shall exercise any power, duty or function as a  
7 member of the authority until confirmed by the senate. Except as provided  
8 by subsection (d), such members shall serve for terms of four years and  
9 until their successors are appointed and confirmed. Any vacancy in the  
10 board occurring other than by expiration of term shall be filled by the  
11 appointment of the governor, but for the unexpired term only.

12 (f) (e) The terms of members who are appointed by the governor and  
13 who are serving on the authority on the effective date of this act shall  
14 expire on January 15, of the year in which such member's term would have  
15 expired under the provisions of this section prior to amendment by this act.  
16 Thereafter, members shall be appointed for terms of four years and until  
17 their successors are appointed and confirmed.

18 (g) (f) The governor shall designate the chairperson and vice-  
19 chairperson of the board from the members of such board.

20 (h) (g) The authority shall have such rights, powers and privileges and  
21 shall be subject to such duties as provided by this act.

22 (i) (h) The governor shall appoint a president who shall serve at the  
23 will of the governor. The president shall appoint and employ such  
24 additional officers, accountants, financial advisors or experts, bond  
25 counsel or other attorneys, agents and employees as it may require and  
26 shall determine their qualifications, duties and compensation subject to the  
27 approval of the board of directors. The president shall be an ex officio  
28 nonvoting member of the board and may be elected secretary of the board.  
29 The powers of the authority shall be vested in the members of the board of  
30 directors and ~~three~~ four members of the board shall constitute a quorum at  
31 any meeting thereof. Action may be taken and motions and resolutions  
32 adopted by the board at any meeting thereof by the affirmative vote of a  
33 majority of present and voting board members. Any motion and resolution  
34 to authorize an issue of bonds, to approve a loan application, to authorize a  
35 lease transaction or to approve a bond guaranty shall have the affirmative  
36 vote of at least ~~three~~ four board members.

37 (j) (i) Before the issuance of any bonds, each member of the board of  
38 directors of the authority shall execute a surety bond in the penal sum of  
39 \$250,000 and the president of the authority shall execute a surety bond in  
40 the penal sum of \$250,000, each surety bond to be conditioned upon the  
41 faithful performance of the duties of the office by such board member or  
42 president, as the case may be, to be executed by a surety company  
43 authorized to transact business in the state of Kansas, as surety, and to be

1 approved by the attorney general. At all times after the issuance of any  
2 bonds by the authority, each member of the board of directors of the  
3 authority shall maintain such surety bonds in full force and effect. All costs  
4 of such surety bonds shall be borne by the authority.

5 ~~(j)~~ (j) The members of the board of directors of the authority shall  
6 serve without compensation, but the authority may reimburse its board  
7 members for mileage and subsistence expenses incurred in the discharge of  
8 their official duties as provided by subsections (b) and (c) of K.S.A. 75-  
9 3223, and amendments thereto.

10 ~~(k)~~ (k) No part of the funds of the authority shall inure to the benefit  
11 of, or be distributed to, its employees, officers or board of directors, except  
12 that the authority shall be authorized and empowered to pay its employees  
13 reasonable compensation.

14 ~~(l)~~ (l) The authority may be dissolved by act of the legislature on  
15 condition that the authority has no debts or obligations outstanding or  
16 provision has been made for the payment or retirement of such debts or  
17 obligations. Upon any such dissolution of the authority, all property, funds  
18 and assets thereof shall be vested in the state.

19 Sec. 6. K.S.A. 2010 Supp. 74-8904 is hereby amended to read as  
20 follows: 74-8904. Except as otherwise limited by this act, the authority  
21 shall have the following powers to:

22 (a) Sue and be sued;  
23 (b) have a seal and alter such seal;  
24 (c) make and alter bylaws for its organization and internal  
25 management;

26 (d) adopt such rules and regulations as may be necessary to carry out  
27 the purposes of this act;

28 (e) acquire, hold and dispose of real and personal property for its  
29 corporate purposes;

30 (f) appoint officers, agents and employees, prescribe their duties and  
31 qualifications and fix their compensation;

32 (g) borrow money and to issue notes, bonds and other obligations  
33 pursuant to K.S.A. 74-8905, and amendments thereto, whether or not the  
34 interest on which is subject to federal income taxation, and to provide for  
35 the rights of the lenders or holders thereof;

36 (h) purchase notes or participations in notes evidencing loans which  
37 are secured by mortgages or security interests and to enter into contracts in  
38 that regard;

39 (i) make secured or unsecured loans for any of the purposes for which  
40 bonds of the authority may be issued under this act or to low and moderate  
41 income multifamily rental housing projects participating in programs  
42 established in section 42 of the federal internal revenue code, and provide  
43 financing for housing projects and programs in participation with

1 programs established by the United States department of housing and  
2 urban development or the division of housing in the Kansas development  
3 finance authority; except as otherwise provided in this subsection, ~~nothing~~  
4 ~~in this act shall be construed to authorize~~ the authority *shall not be*  
5 *authorized* to make loans directly to individuals to ~~finance housing~~  
6 ~~developments~~ *(1) originate home mortgage loans secured by a first lien in*  
7 *competition with private lending institutions or (2) originate home*  
8 *mortgage loans secured by a junior lien in competition with private*  
9 *lending institutions unless such home mortgage loans secured by a junior*  
10 *lien are made only to pay all or a portion of a mortgagor's required down*  
11 *payment or closing costs in connection with the acquisition of a home;*

12 (j) sell mortgages and security interests at public or private sale, to  
13 negotiate modifications or alterations in mortgage and security interests, to  
14 foreclose on any mortgage or security interest in default or commence any  
15 action to protect or enforce any right conferred upon it by any law,  
16 mortgage, security agreement, contract or other agreement, and to bid for  
17 and purchase property which was the subject of such mortgage or security  
18 interest at any foreclosure or at any other sale, to acquire or take  
19 possession of any such property, and to exercise any and all rights as  
20 provided by law for the benefit or protection of the authority or mortgage  
21 holders;

22 (k) collect fees and charges in connection with its loans, bond  
23 guarantees, commitments and servicing, including, but not limited to,  
24 reimbursement of costs of financing as the authority shall determine to be  
25 reasonable and as shall be approved by the authority;

26 (l) make and execute contracts for the servicing of mortgages  
27 acquired by the authority pursuant to this act, and to pay the reasonable  
28 value of services rendered to the authority pursuant to those contracts;

29 (m) enter into agreements with and accept gifts, grants, loans and  
30 other aid from the federal government, the state, any state agency, any  
31 political subdivision of the state, or any person or corporation, foundation  
32 or legal entity, and to agree to and comply with any conditions attached to  
33 federal and state financial assistance not inconsistent with the provisions  
34 of this act;

35 (n) invest moneys of the authority not required for immediate use,  
36 including proceeds from the sale of any bonds, in such manner as the  
37 board shall determine, subject to any agreement with bondholders stated in  
38 the authorizing resolution providing for the issuance of bonds;

39 (o) procure insurance against any loss in connection with its  
40 programs, property and other assets;

41 (p) provide technical assistance and advice to the state or political  
42 subdivisions of the state and to enter into contracts with the state or  
43 political subdivisions of the state to provide such services. The state or

1 political subdivisions of the state are hereby authorized to enter into  
2 contracts with the authority for such services and to pay for such services  
3 as may be provided them;

4 (q) establish accounts in one or more depositories;

5 (r) lease, acquire, construct, sell and otherwise deal in and contract  
6 concerning any facilities;

7 (s) have and exercise all of the powers granted to the public housing  
8 authorities by the state, except that the authority shall not have the power  
9 of eminent domain;

10 (t) do any and all things necessary or convenient to carry out  
11 purposes of the authority and exercise the powers given and granted in this  
12 act;

13 (u) assist minority businesses in obtaining loans or other means of  
14 financial assistance. The terms and conditions of such loans or financial  
15 assistance, including the charges for interest and other services, will be  
16 consistent with the provisions of this act. In order to comply with this  
17 requirement, efforts must be made to solicit for review and analysis  
18 proposed minority business ventures. Basic loan underwriting standards  
19 will not be waived to inconsistently favor minority persons or businesses  
20 from the intent of the authority's lending practices;

21 (v) form one or more subsidiary corporations under K.S.A. 17-6001  
22 et seq., and amendments thereto, in accordance with the procedures therein  
23 contained. Each subsidiary corporation shall be subject to the same  
24 restrictions and limitations as to the powers and purposes to which the  
25 authority is subject. The authority may delegate any of its powers,  
26 obligations and duties to any subsidiary corporation by inclusion of such  
27 powers, obligations and duties in the articles of incorporation of the  
28 subsidiary corporation. Subsidiary corporations so formed shall constitute  
29 legal entities separate and distinct from each other, the authority and the  
30 state except that for purposes of K.S.A. 58-4217 to 58-4226, inclusive, and  
31 amendments thereto, the Kansas housing resources corporation shall  
32 constitute an instrumentality of the state. The authority shall not be liable  
33 for the debts or obligations or for any actions or inactions of its subsidiary  
34 corporations unless the authority expressly agrees otherwise in writing.  
35 The authority may make loans or grants to a subsidiary corporation from  
36 time to time to enable the subsidiary corporation to carry out its purposes.  
37 The members of the authority shall constitute all of the directors of each  
38 subsidiary corporation.

39 The state, any municipality or any state commission, public authority,  
40 agency, officer, department, board or division authorized and empowered  
41 to enter into agreements with, to grant, convey, lease or otherwise transfer  
42 any property to, or to otherwise transact business with the authority, shall  
43 have the same authorization and power to engage in these activities with



1 each subsidiary corporation of the authority.

2 One or more such subsidiary corporation may be formed for purposes  
3 of establishing state tax credit equity funds to assist in the development of  
4 low-income and middle-income housing and obtain financing through  
5 participation in the program established in section 42 of the federal  
6 internal revenue code.

7 Actions of the authority or any subsidiary corporation relating to  
8 housing pursuant to this subsection (v) shall be carried out in accordance  
9 with any terms, conditions and limitations relating to policy issues  
10 regarding housing, as established by the director of housing in the Kansas  
11 development finance authority.

12 One or more such subsidiary corporations may be formed for purposes  
13 of acquiring or conveying on behalf of the state and pursuant to this act a  
14 project of statewide as well as local importance, issuing bonds on behalf of  
15 the state pursuant to this act to finance a project of statewide as well as  
16 local importance or otherwise financing on behalf of the state pursuant to  
17 this act a project of statewide as well as local importance. The Kansas  
18 statewide projects development corporation is hereby created in  
19 accordance with this section; ~~and~~

20 (w) assist, coordinate, administer and participate with out-of-state:  
21 Governmental authorities, bodies, issuers and other public and private  
22 entities; in connection with the issuance of bonds, notes or other evidence  
23 of indebtedness for the purpose of financing any facilities whether such  
24 facility is located within or outside of Kansas. In connection with such  
25 financings which include out-of-state issuers, the authority is designated as  
26 the only entity in Kansas which may conduct the public hearing of the  
27 applicable governmental unit required by section 147 (f) of the federal  
28 internal revenue code of 1986, as amended, and the governor of Kansas is  
29 designated as the only entity in Kansas who may be the applicable  
30 governmental unit pursuant to section 147 (f) of the federal internal  
31 revenue code of 1986, as amended. Following such hearing the authority  
32 shall determine whether such financing should proceed with respect to  
33 facilities located within Kansas by an out-of-state issuer. If the authority  
34 determines that the financing should not proceed, the financing shall not  
35 proceed relative to the Kansas facilities;:

36 (x) *participate in, administer, coordinate and enter into any*  
37 *agreements to facilitate or to provide any financing as may be related to*  
38 *any tax credit programs which from time to time may be authorized by the*  
39 *federal or state government; and*

40 (y) *with respect to home mortgage loans, in addition to other powers*  
41 *of the authority pursuant to this act:*

42 (1) *to acquire, and to contract and to enter into advance*  
43 *commitments to acquire, home mortgage loans owned by lending*

1 *institutions at such prices and upon such other terms and conditions*  
2 *determined by the authority or such other person as it may designate as its*  
3 *agent;*

4 (2) *to make and execute contracts with lending institutions for the*  
5 *origination and servicing of home mortgage loans on behalf of the*  
6 *authority and to pay the reasonable value of services rendered in*  
7 *accordance with such contracts;*

8 (3) *to establish by resolution, by rules and regulations, relating to*  
9 *any issuance of bonds or in any financing documents relating to such*  
10 *issuance, such standards and requirements applicable to the purchase of*  
11 *home mortgage loans or the origination of home mortgage loans as the*  
12 *authority deems necessary or desirable to effectuate the public purposes of*  
13 *this act;*

14 (4) *to authorize the sale or other disposition of any home mortgage*  
15 *loan, in whole or in part, upon such terms, at such prices and times, and*  
16 *as may be deemed appropriate and necessary;*

17 (5) *to pledge any revenues and receipts to be received from or in*  
18 *connection with any home mortgage loans to the punctual payment of*  
19 *bonds therefore, and the interest and redemption premiums, if any,*  
20 *thereon; and*

21 (6) *to pledge or grant security interests in any home mortgage loans,*  
22 *notes, revenues therefrom or other property in favor of the holder or*  
23 *holders of bonds issued therefore.*

24 Sec. 7. K.S.A. 2010 Supp. 74-8905 is hereby amended to read as  
25 follows: 74-8905. (a) The authority may issue bonds, either for a specific  
26 activity or on a pooled basis for a series of related or unrelated activities or  
27 projects duly authorized by a political subdivision or group of political  
28 subdivisions of the state in amounts determined by the authority for the  
29 purpose of financing projects of statewide as well as local importance,  
30 capital improvement facilities, educational facilities, health care facilities  
31 and housing developments. Nothing in this act shall be construed to  
32 authorize the authority to issue bonds or use the proceeds thereof to:

33 (1) Purchase, condemn or otherwise acquire a utility plant or  
34 distribution system owned or operated by a regulated public utility;

35 (2) finance any capital improvement facilities or educational facilities  
36 which are being financed by the issuance of general obligation or utility  
37 revenue bonds of a political subdivision, except that the acquisition by the  
38 authority of general obligation or utility revenue bonds issued by political  
39 subdivisions with the proceeds of pooled bonds shall not violate the  
40 provisions of the foregoing; or

41 (3) purchase, acquire, construct, reconstruct, improve, equip, furnish,  
42 repair, enlarge or remodel property for any swine production facility on  
43 agricultural land which is owned, acquired, obtained or leased by a

1 corporation, limited liability company, limited partnership, corporate  
2 partnership or trust.

3 Nothing in this subsection (a) shall prohibit the issuance of bonds by  
4 the authority when any statute specifically authorizes the issuance of  
5 bonds by the authority or approves any activity or project of a state agency  
6 for purposes of authorizing any such issuance of bonds in accordance with  
7 this section and provides an exemption from the provisions of this  
8 subsection (a).

9 (b) The authority may issue bonds for activities and projects of state  
10 agencies as requested by the secretary of administration. Research  
11 facilities of state educational institutions shall be subject to the provisions  
12 of this subsection (b). No bonds may be issued pursuant to this act for any  
13 activity or project of a state agency unless the activity or project either has  
14 been approved by an appropriation or other act of the legislature or has  
15 been approved by the state finance council acting on this matter which is  
16 hereby characterized as a matter of legislative delegation and subject to the  
17 guidelines prescribed in subsection (c) of K.S.A. 75-3711c, and  
18 amendments thereto. When requested to do so by the secretary of  
19 administration, the authority may issue bonds for the purpose of refunding,  
20 whether at maturity or in advance of maturity, any outstanding bonded  
21 indebtedness of any state agency. The revenues of any state agency which  
22 are pledged as security for any bonds of such state agency which are  
23 refunded by refunding bonds of the authority may be pledged to the  
24 authority as security for the refunding bonds.

25 (c) The authority may issue bonds for the purpose of financing  
26 industrial enterprises, transportation facilities, agricultural business  
27 enterprises, educational facilities, health care facilities, housing  
28 developments, research facilities or any combination of such facilities, or  
29 any interest in facilities, including without limitation leasehold interests in  
30 and mortgages on such facilities, whether located within or outside of  
31 Kansas. The authority may additionally issue bonds for the purpose of  
32 financing a hall of fame, museum or tourist destination of national  
33 significance, as determined by the secretary of commerce. Such authority  
34 to issue bonds for a hall of fame, museum or tourist destination of national  
35 significance shall expire on December 31, 2007. No less than 30 days prior  
36 to the issuance of any bonds authorized under this act with respect to any  
37 project or activity within Kansas which is to be undertaken for the direct  
38 benefit of any person or entity which is not a state agency or a political  
39 subdivision, written notice of the intention of the authority to provide  
40 financing and issue bonds therefor shall be given by the president of the  
41 authority to the governing body of the city in which the project or activity  
42 is to be located. If the project or activity is not proposed to be located  
43 within a city, such notice shall be given to the governing body of the

1 county. No bonds for the financing of the project or activity shall be issued  
2 by the authority for a one-year period if, within 15 days after the giving of  
3 such notice, the governing body of the political subdivision in which the  
4 project or activity within Kansas is proposed to be located shall have  
5 adopted an ordinance or resolution stating express disapproval of the  
6 project or activity and shall have notified the president of the authority of  
7 such disapproval. The authority shall not issue bonds for the purpose of  
8 financing a project or activity outside Kansas unless the authority has  
9 determined that the issuance of such bonds provides a benefit to Kansas or  
10 its people and that the owner or operator thereof or an affiliate has a  
11 presence or impact in Kansas.

12 (d) The authority may issue bonds for the purpose of establishing and  
13 funding one or more series of venture capital funds in such principal  
14 amounts, at such interest rates, in such maturities, with such security, and  
15 upon such other terms and in such manner as is approved by resolution of  
16 the authority. The proceeds of such bonds not placed in a venture capital  
17 fund or used to pay or reimburse organizational, offering and  
18 administrative expenses and fees necessary to the issuance and sale of such  
19 bonds shall be invested and reinvested in such securities and other  
20 instruments as shall be provided in the resolution under which such bonds  
21 are issued. Moneys in a venture capital fund shall be used to make venture  
22 capital investments in new, expanding or developing businesses, including,  
23 but not limited to, equity and debt securities, warrants, options and other  
24 rights to acquire such securities, subject to the provisions of the resolution  
25 of the authority. The authority shall establish an investment policy with  
26 respect to the investment of the funds in a venture capital fund not  
27 inconsistent with the purposes of this act. The authority shall enter into an  
28 agreement with a management company experienced in venture capital  
29 investments to manage and administer each venture capital fund upon  
30 terms not inconsistent with the purposes of this act and such investment  
31 policy. The authority may establish an advisory board to provide advice  
32 and consulting assistance to the authority and the management company  
33 with respect to the management and administration of each venture capital  
34 fund and the establishment of its investment policy. All fees and expenses  
35 incurred in the management and administration of a venture capital fund  
36 not paid or reimbursed out of the proceeds of the bonds issued by the  
37 authority shall be paid or reimbursed out of such venture capital fund.

38 (e) The authority may issue bonds in one or more series for the  
39 purpose of financing a redevelopment plan project that is approved by the  
40 authority in accordance with K.S.A. 74-8921 and 74-8922, and  
41 amendments thereto, or by Johnson or Labette county in accordance with  
42 the provisions of this act.

43 (f) After receiving and approving the feasibility study required

1 pursuant to K.S.A. 74-8936, and amendments thereto, the authority may  
2 issue bonds in one or more series for the purpose of financing a multi-sport  
3 athletic project in accordance with K.S.A. 74-8936 through 74-8938, and  
4 amendments thereto. If the project is to be constructed in phases, a similar  
5 feasibility study shall be performed prior to issuing bonds for the purpose  
6 of financing each subsequent phase.

7 (g) The authority may issue bonds for the purpose of financing resort  
8 facilities, as defined in subsection (a) of K.S.A. 32-867, and amendments  
9 thereto, in an amount or amounts not to exceed \$30,000,000 for any one  
10 resort. The bonds and the interest thereon shall be payable solely from  
11 revenues of the resort and shall not be deemed to be an obligation or  
12 indebtedness of the state within the meaning of section 6 of article 11 of  
13 the constitution of the state of Kansas. The authority may contract with a  
14 subsidiary corporation formed pursuant to subsection (v) of K.S.A. 74-  
15 8904, and amendments thereto, or others to lease or operate such resort.  
16 The provisions of K.S.A. 32-867, 32-868, 32-870 through 32-873 and 32-  
17 874a through 32-874d, and amendments thereto, shall apply to resorts and  
18 bonds issued pursuant to this subsection.

19 (h) *The authority may issue bonds for the purpose of financing,*  
20 *acquiring or originating home mortgage loans. Except as provided in*  
21 *K.S.A. 74-8904, and amendments thereto, any moneys derived by the*  
22 *authority from the issuance of bonds under this subsection and not used*  
23 *directly to finance, acquire or originate home mortgage loans shall be*  
24 *used by the authority to support programs or activities related to low or*  
25 *moderate income housing.*

26 (h) (i) The authority may use the proceeds of any bond issues herein  
27 authorized, together with any other available funds, for venture capital  
28 investments or for purchasing, leasing, constructing, restoring, renovating,  
29 altering or repairing facilities as herein authorized, for making loans,  
30 purchasing mortgages or security interests in loan participations and  
31 paying all incidental expenses therewith, paying expenses of authorizing  
32 and issuing the bonds, paying interest on the bonds until revenues thereof  
33 are available in sufficient amounts, purchasing bond insurance or other  
34 credit enhancements on the bonds, and funding such reserves as the  
35 authority deems necessary and desirable. All moneys received by the  
36 authority, other than moneys received by virtue of an appropriation, are  
37 hereby specifically declared to be cash funds, restricted in their use and to  
38 be used solely as provided herein. No moneys of the authority other than  
39 moneys received by appropriation shall be deposited with the state  
40 treasurer.

41 (h) (j) Any time the authority is required to publish a notification  
42 pursuant to the tax equity and fiscal responsibility act of 1982, the  
43 authority shall further publish such notification in the Kansas register and

1 on the Kansas development finance authority website.

2 (j) (k) Any time the authority issues private activity bonds, as defined  
3 in K.S.A. 74-5059, and amendments thereto, pursuant to this section, *other*  
4 *than bonds issued pursuant to subsection (h)*, the authority shall publish  
5 notification of such issuance at least 14 days prior to any bond hearing in  
6 the official county newspaper of the county in which the project or activity  
7 financed by such bonds are located and in the Kansas register.

8 Sec. 8. K.S.A. 74-8912 is hereby amended to read as follows: 74-  
9 8912. Bonds may be issued for the purpose of refunding, either at maturity  
10 or in advance of maturity, any bonds issued under this act *and any bonds*  
11 *issued by a political subdivision pursuant to the local residential housing*  
12 *finance law, K.S.A. 12-5219 et seq., and amendments thereto, or for any*  
13 *other purpose for which bonds may be issued under this act.* Such  
14 refunding bonds may either be sold or delivered in exchange for the bonds  
15 being refunded. If sold, the proceeds may either be applied to the payment  
16 of the bonds being refunded or deposited in trust and there maintained in  
17 cash or investments for the retirement of the bonds being refunded, as shall  
18 be specified by the authority and the authorizing resolution or trust  
19 indenture securing such refunding bonds. The authorizing resolution or  
20 trust indenture securing the refunding bonds may provide that the  
21 refunding bonds shall have the same security for their payment as provided  
22 for the bonds being refunded. Refunding bonds shall be sold and secured  
23 in accordance with the provisions of this act pertaining to the sale and  
24 security of the bonds.

25 Sec. 9. K.S.A. 74-8903 and 74-8912 and K.S.A. 2010 Supp. 74-8902,  
26 74-8904 and 74-8905 are hereby repealed.

27 Sec. 10. This act shall take effect and be in force from and after its  
28 publication in the statute book.

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