

**House Substitute for SENATE BILL No. 88**

By Committee on Financial Institutions and Rural Development

3-3

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 application  
36 based on the state treasurer's evaluation of whether the city meets the  
37 requirements of the program. If sufficient funds are not available for a  
38 loan, the applications may be considered in the order received when funds  
39 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.