

## HOUSE BILL No. 2627

By Representative Cox

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AN ACT relating to water; concerning the public water supply project loan program; amending K.S.A. 2001 Supp. 65-163d, 65-163i, 65-163j and 65-163u and repealing the existing sections.

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

Section 1. K.S.A. 2001 Supp. 65-163d is hereby amended to read as follows: 65-163d. As used in K.S.A. 2001 Supp. 65-163d through 65-163u, and amendments thereto:

(a) "Fund" means the public water supply loan fund established by K.S.A. 2001 Supp. 65-163e, and amendments thereto.

(b) "Municipality" or "*municipalities*" means:

(1) Any political or taxing subdivision, *including water districts*;

(2) *any other entity* authorized by law to construct, operate and maintain a public water supply system, ~~including water districts~~;

~~(2)~~ (3) two or more such subdivisions or *entities* jointly constructing, operating or maintaining a public water supply system; or

~~(3)~~ (4) the Kansas rural water finance authority.

(c) "Project" means any acquisition, construction, reconstruction, improvement, equipping, rehabilitation or extension of all or any part of a public water supply system. "Project" does not include any project related to the diversion or transportation of water acquired through a water transfer, as defined by K.S.A. 82a-1501, and amendments thereto.

(d) "Project costs" means all costs or expenses which are necessary or incident to a project and which are directly attributable thereto.

(e) "Public water supply system" has the meaning provided by K.S.A. 65-162a, and amendments thereto.

(f) "Secretary" means the secretary of health and environment.

Sec. 2. K.S.A. 2001 Supp. 65-163i is hereby amended to read as follows: 65-163i. (a) Municipalities which desire the provision of a loan under this act shall submit an application therefor to the secretary. Applications shall be in such form and shall include such information as the secretary shall require and shall be submitted in a manner and at a time to be determined by the secretary.

(b) The secretary may enter into agreements with any municipality for the provision of a loan thereto for payment of all or a part of project

1 costs and any municipality may enter into such an agreement and may  
2 accept such loan when so authorized by the ~~municipal~~ *municipality's* gov-  
3 erning body. The purposes of the loan to be provided, the amount thereof,  
4 the interest rate thereon and the repayment terms and conditions thereof,  
5 all of which may vary among municipalities, shall be included in the agree-  
6 ments. Loans shall be provided at or below market interest rates. All such  
7 agreements with municipalities shall require that municipalities establish  
8 a dedicated source of revenue for repayment of the loans as provided in  
9 K.S.A. 2001 Supp. 65-163j, *and amendments thereto*. Such agreements  
10 shall further provide that repayment of any loan received shall begin not  
11 later than one year after completion of the project and that such loan  
12 shall be repaid in full no later than 20 years thereafter.

13 (c) If a municipality to which a loan is made available under this act  
14 fails to enter into an agreement with the secretary for the provision of  
15 such loan in accordance with the requirements of this act, the secretary  
16 may make the amount of the loan available for one or more other projects  
17 on the priority list.

18 (d) The secretary shall provide any municipality, upon request, with  
19 technical advice and assistance regarding a project or an application for  
20 a loan for the payment of all or part of project costs.

21 Sec. 3. K.S.A. 2001 Supp. 65-163j is hereby amended to read as fol-  
22 lows: 65-163j. (a) The dedicated source of revenue for repayment of a  
23 loan to a municipality may include service charges, connection fees, spe-  
24 cial assessments, property taxes, grants or any other source of revenue  
25 lawfully available to the municipality for such purpose. In order to ensure  
26 repayment by municipalities of the amounts of loans provided under this  
27 act, the secretary, after consultation with the governing body of any mu-  
28 nicipality which receives a loan, may adopt charges to be levied against  
29 individuals and entities served by the project. Any such charges shall  
30 remain in effect until the total amount of the loan, and any interest  
31 thereon, has been repaid. The charges ~~shall~~, insofar as is practicable, *shall*  
32 be equitably assessed and may be in the form of a surcharge to the existing  
33 charges of the municipality. The governing body of any municipality  
34 which receives a loan under this act shall collect any charges established  
35 by the secretary and shall pay the moneys collected therefrom to the  
36 secretary in accordance with procedures established by the secretary.

37 (b) Upon the failure of a municipality to meet the repayment terms  
38 and conditions of the agreement, the secretary may order the treasurer  
39 of the county in which the municipality is located to pay to the secretary  
40 such portion of the municipality's share of the local ad valorem tax re-  
41 duction fund as may be necessary to meet the terms of the agreement,  
42 notwithstanding the provisions of K.S.A. 79-2960 and 79-2961, and  
43 amendments thereto. Upon the issuance of such an order, the munici-

1 pality shall not be required to make the tax levy reductions otherwise  
2 required by K.S.A. 79-2960 and 79-2961, and amendments thereto. *The*  
3 *provisions of this subsection shall apply only to those municipalities as*  
4 *defined in paragraph (1) of subsection (b) of K.S.A. 2001 Supp. 65-163d,*  
5 *and amendments thereto.*

6 (c) Municipalities which are provided with loans under this act shall  
7 maintain project accounts in accordance with generally accepted govern-  
8 ment accounting standards.

9 (d) Any loans received by a municipality under the provisions of this  
10 act shall be construed to be bonds for the purposes of K.S.A. 10-1116  
11 ~~and 79-5028~~, and amendments thereto, and the amount of such loans  
12 shall not be included within any limitation on the bonded indebtedness  
13 of the municipality.

14 Sec. 4. K.S.A. 2001 Supp. 65-163u is hereby amended to read as  
15 follows: 65-163u. (a) A municipality may issue general obligation bonds  
16 for the purpose of paying all or part of any project costs of a public water  
17 supply system operated by such municipality. Such bonds shall be issued,  
18 registered, sold, delivered and retired in accordance with the general  
19 bond law.

20 (b) Notwithstanding any other provision of law to the contrary, no  
21 election shall be required for the issuance of general obligation bonds or  
22 revenue bonds by a municipality for the purpose of paying all or part of  
23 any project costs of a public water supply system operated by such mu-  
24 nicipality. Such general obligation bonds shall not be subject to or within  
25 any bonded debt limitation provided by law.

26 (c) *The provisions of this section shall apply only to those municipal-*  
27 *ities as defined in paragraph (1) of subsection (b) of K.S.A. 2001 Supp.*  
28 *65-163d, and amendments thereto.*

29 Sec. 5. K.S.A. 2001 Supp. 65-163d, 65-163i, 65-163j and 65-163u are  
30 hereby repealed.

31 Sec. 6. This act shall take effect and be in force from and after its  
32 publication in the statute book.

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