

1 **As Further Amended by House Committee**

2
3 **As Amended by House Committee**

4 *Session of 2002*

5
6 **HOUSE BILL No. 2635**

7
8 By Committee on Utilities

9
10 1-15

11
12 AN ACT concerning ~~certain electric transmission lines, providing for is-~~
13 ~~suance of certain bonds therefor~~ **the Kansas development finance**
14 **authority; authorizing issuance of bonds for certain purposes;**
15 **amending K.S.A. 2001 Supp. 74-8905 and repealing the existing**
16 **section.**

17
18 *Be it enacted by the Legislature of the State of Kansas:*

19 Section 1. (a) As used in this section:

20 (1) "Appurtenances" means all **substations**, towers, poles and other
21 ~~necessary appurtenances to a line used~~ **structures and equipment nec-**
22 **essary** for the bulk transfer of electricity.

23 (2) "Electric transmission line" means any line or extension of a line
24 which is at least five miles long and which is used for the bulk transfer of
25 electricity.

26 (b) The Kansas development finance authority is hereby authorized
27 to issue revenue bonds in amounts sufficient to pay the costs of such
28 construction, purchase and installation, including any required interest
29 on the bonds during construction and installation, plus all amounts re-
30 quired for the costs of bond issuance and any required reserves on the
31 bonds, for the purpose of financing the costs of: (1) Construction or up-
32 grading of electric transmission lines and appurtenances ~~having the ca-~~
33 ~~capacity to transfer~~ **to be used for the transfer of** 115 kilovolts or more
34 of electricity; (2) acquisition of the right-of-way on which transmission
35 lines and appurtenances ~~having the capacity to transfer~~ **to be used for**
36 **the transfer of** 115 kilovolts or more of electricity are to be constructed;
37 and (3) upgrading of electric transmission lines and appurtenances ~~to have~~
38 ~~the capacity to transfer~~ **to be used for the transfer of** 115 kilovolts or
39 more of electricity. The bonds, and interest thereon, issued pursuant to
40 this section shall be payable from revenues derived from use of the trans-
41 mission lines.

42 (c) The provisions of subsection (a) of K.S.A. 74-8905, and amend-
43 ments thereto, shall not prohibit the issuance of bonds by the Kansas

1 development finance authority for the purposes of this section and any
2 such issuance of bonds is exempt from the provisions of subsection (a) of
3 K.S.A. 74-8905, and amendments thereto, which would operate to pre-
4 clude such issuance.

5 (d) Revenue bonds, including refunding revenue bonds, issued here-
6 under shall not constitute an indebtedness of the state of Kansas, nor
7 shall they constitute indebtedness within the meaning of any constitu-
8 tional or statutory provision limiting the incurring of indebtedness.

9 (e) Revenue bonds, including refunding revenue bonds, issued here-
10 under and the income derived therefrom are and shall be exempt from
11 all state, county and municipal taxation in the state of Kansas, except
12 Kansas estate taxes.

13 **Sec. 2. K.S.A. 2001 Supp. 74-8905 is hereby amended to read**
14 **as follows: 74-8905. (a) The authority may issue bonds, either for**
15 **a specific activity or on a pooled basis for a series of related or**
16 **unrelated activities or projects duly authorized by a political sub-**
17 **division or group of political subdivisions of the state in amounts**
18 **determined by the authority for the purpose of financing projects**
19 **of statewide as well as local importance as defined pursuant to**
20 **K.S.A. ~~12-1744~~ 12-1774, and amendments thereto, capital improve-**
21 **ment facilities, educational facilities, health care facilities and**
22 **housing developments. Nothing in this act shall be construed to**
23 **authorize the authority to issue bonds or use the proceeds thereof**
24 **to:**

25 (1) **Purchase, condemn or otherwise acquire a utility plant or**
26 **distribution system owned or operated by a regulated public**
27 **utility;**

28 (2) **finance any capital improvement facilities, educational fa-**
29 **ilities or health care facilities which may be financed by the is-**
30 **suance of general obligation or utility revenue bonds of a political**
31 **subdivision, except that the acquisition by the authority of general**
32 **obligation or utility revenue bonds issued by political subdivisions**
33 **with the proceeds of pooled bonds shall not violate the provisions**
34 **of the foregoing; or**

35 (3) **purchase, acquire, construct, reconstruct, improve, equip,**
36 **furnish, repair, enlarge or remodel property for any swine pro-**
37 **duction facility on agricultural land which is owned, acquired, ob-**
38 **tained or leased by a corporation, limited liability company, lim-**
39 **ited partnership, corporate partnership or trust.**

40 **Nothing in this subsection (a) shall prohibit the issuance of bonds**
41 **by the authority when any statute specifically authorizes the iss-**
42 **uance of bonds by the authority or approves any activity or project**
43 **of a state agency for purposes of authorizing any such issuance of**

1 **bonds in accordance with this section and provides an exemption**
2 **from the provisions of this subsection (a).**

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

19 **(c) The authority may issue bonds for the purpose of financing**
20 **industrial enterprises, agricultural business enterprises, educa-**
21 **tional facilities, health care facilities and housing developments,**
22 **or any combination of such facilities, or any interest in facilities,**
23 **including without limitation leasehold interests in and mortgages**
24 **on such facilities. No less than 30 days prior to the issuance of any**
25 **bonds authorized under this act with respect to any project or ac-**
26 **tivity which is to be undertaken for the direct benefit of any person**
27 **or entity which is not a state agency or a political subdivision, writ-**
28 **ten notice of the intention of the authority to provide financing**
29 **and issue bonds therefor shall be given by the president of the**
30 **authority to the governing body of the city in which the project or**
31 **activity is to be located. If the project or activity is not proposed**
32 **to be located within a city, such notice shall be given to the gov-**
33 **erning body of the county. No bonds for the financing of the pro-**
34 **ject or activity shall be issued by the authority for a one-year period**
35 **if, within 15 days after the giving of such notice, the governing**
36 **body of the political subdivision in which the project or activity is**
37 **proposed to be located shall have adopted an ordinance or reso-**
38 **lution stating express disapproval of the project or activity and**
39 **shall have notified the president of the authority of such**
40 **disapproval.**

41 **(d) The authority may issue bonds for the purpose of establish-**
42 **ing and funding one or more series of venture capital funds in such**
43 **principal amounts, at such interest rates, in such maturities, with**

1 such security, and upon such other terms and in such manner as
2 is approved by resolution of the authority. The proceeds of such
3 bonds not placed in a venture capital fund or used to pay or re-
4 imburse organizational, offering and administrative expenses and
5 fees necessary to the issuance and sale of such bonds shall be in-
6 vested and reinvested in such securities and other instruments as
7 shall be provided in the resolution under which such bonds are
8 issued. Moneys in a venture capital fund shall be used to make
9 venture capital investments in new, expanding or developing busi-
10 nesses, including, but not limited to, equity and debt securities,
11 warrants, options and other rights to acquire such securities, sub-
12 ject to the provisions of the resolution of the authority. The au-
13 thority shall establish an investment policy with respect to the in-
14 vestment of the funds in a venture capital fund not inconsistent
15 with the purposes of this act. The authority shall enter into an
16 agreement with a management company experienced in venture
17 capital investments to manage and administer each venture capital
18 fund upon terms not inconsistent with the purposes of this act and
19 such investment policy. The authority may establish an advisory
20 board to provide advice and consulting assistance to the authority
21 and the management company with respect to the management
22 and administration of each venture capital fund and the establish-
23 ment of its investment policy. All fees and expenses incurred in the
24 management and administration of a venture capital fund not paid
25 or reimbursed out of the proceeds of the bonds issued by the au-
26 thority shall be paid or reimbursed out of such venture capital
27 fund.

28 (e) The authority may issue bonds in one or more series for the
29 purpose of financing a project of statewide as well as local impor-
30 tance in connection with a redevelopment plan that is approved
31 by the authority in accordance with K.S.A. 2001 Supp. 74-8921 and
32 74-8922, and amendments thereto.

33 (f) After receiving and approving the feasibility study required
34 pursuant to K.S.A. 2001 Supp. 74-8936, and amendments thereto,
35 the authority may issue bonds in one or more series for the pur-
36 pose of financing a multi-sport athletic project in accordance with
37 K.S.A. 2001 Supp. 74-8936 through 74-8938, and amendments
38 thereto. If the project is to be constructed in phases, a similar fea-
39 sibility study shall be performed prior to issuing bonds for the pur-
40 pose of financing each subsequent phase.

41 (g) The authority may issue bonds for the purpose of financing
42 resort facilities, as defined in subsection (a) of K.S.A. 32-867, and
43 amendments thereto, in an amount or amounts not to exceed

1 **\$30,000,000 for any one resort. The bonds and the interest thereon**
2 **shall be payable solely from revenues of the resort and shall not**
3 **be deemed to be an obligation or indebtedness of the state within**
4 **the meaning of section 6 of article 11 of the constitution of the**
5 **state of Kansas. The authority may contract with a subsidiary cor-**
6 **poration formed pursuant to subsection (v) of K.S.A. 74-8904, and**
7 **amendments thereto, or others to lease or operate such resort. The**
8 **provisions of K.S.A. 32-867, 32-868, 32-870 through 32-873 and**
9 **32-874a through 32-874d, and amendments thereto, shall apply to**
10 **resorts and bonds issued pursuant to this subsection.**

11 (h) **The authority may use the proceeds of any bond issues**
12 **herein authorized, together with any other available funds, for**
13 **venture capital investments or for purchasing, leasing, construct-**
14 **ing, restoring, renovating, altering or repairing facilities as herein**
15 **authorized, for making loans, purchasing mortgages or security**
16 **interests in loan participations and paying all incidental expenses**
17 **therewith, paying expenses of authorizing and issuing the bonds,**
18 **paying interest on the bonds until revenues thereof are available**
19 **in sufficient amounts, purchasing bond insurance or other credit**
20 **enhancements on the bonds, and funding such reserves as the au-**
21 **thority deems necessary and desirable. All moneys received by the**
22 **authority, other than moneys received by virtue of an appropri-**
23 **ation, are hereby specifically declared to be cash funds, restricted**
24 **in their use and to be used solely as provided herein. No moneys**
25 **of the authority other than moneys received by appropriation shall**
26 **be deposited with the state treasurer.**

27 (i) *The authority may issue bonds for the purpose of financing the*
28 *construction of broadband technology facilities in areas of the state which*
29 *do not have access to broadband services. The bond issue may include*
30 *one or more cities, counties or school districts but any such cities, counties*
31 *or school districts must contract with a private sector participant for the*
32 *construction, maintenance and operation of the broadband facilities. In*
33 *no event shall the authority issue such bonds to construct facilities which*
34 *would provide telecommunications or broadband services in competition*
35 *with existing services provided by the private sector. Bonds issued pur-*
36 *suant to this subsection shall be exempt from the provisions of subsection*
37 *(a).*

38 (j) **Any time the authority is required to publish a notification**
39 **pursuant to the tax equity and fiscal responsibility act of 1982, the**
40 **authority shall further publish such notification in the Kansas**
41 **register.**

42 ~~(j)~~ (k) **Any time the authority issues bonds pursuant to this sec-**
43 **tion, the authority shall publish notification of such issuance at**

1 **least 14 days prior to any bond hearing in the official county news-**
2 **paper of the county in which the project or activity financed by**
3 **such bonds are located and in the Kansas register.**

4 **Sec. 3. K.S.A. 2001 Supp. 74-8905 is hereby repealed.**

5 Sec. ~~2~~ 4. This act shall take effect and be in force from and after its
6 publication in the statute book.

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