

SENATE BILL No. 193

By Committee on Commerce

1-25

10 AN ACT concerning matters pertaining to ~~the state debt~~ **borrowings**
11 **for the state and state agencies.**

12

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

14 Section 1. (a) (1) It is the public policy of this state to encourage
15 fiscal responsibility ~~on~~ **with respect to** matters pertaining to ~~state debt~~
16 **the borrowing of money for the state and state agencies.** In an effort
17 to finance essential capital projects for the benefit of residents **of the**
18 **state** at favorable interest rates, the state must ~~continue to~~ maintain its
19 excellent credit standing with investors. Authorizations of ~~state debt~~ **fu-**
20 **ture borrowing** must take into account the ability of the state to ~~meet~~
21 ~~its total~~ **identify expected sources of payment to meet** debt service
22 requirements ~~in light of~~ **and accommodate** other demands on the state's
23 fiscal resources.

24 (2) The legislature declares that it is the policy of this state to exercise
25 prudence in undertaking the authorization and issuance of ~~debt~~ **bonds**
26 **and notes for the benefit of the state and state agencies.** ~~In order to~~
27 ~~implement this policy, the legislature desires to authorize the issuance of~~
28 ~~additional state tax supported debt only when such authorization would~~
29 ~~not cause the ratio of debt service to revenue available to pay debt service~~
30 ~~on tax supported debt to exceed 6%. If the 6% target debt ratio will be~~
31 ~~exceeded, the authorization of such additional debt must be accompanied~~
32 ~~by a legislative statement of determination that such authorization and~~
33 ~~issuance is in the best interest of the state and should be implemented.~~

34 ~~—(3)—The legislature shall not authorize the issuance of additional state~~
35 ~~tax supported debt if such authorization would cause the designated~~
36 ~~benchmark debt ratio of debt service to revenues available to pay debt~~
37 ~~service to exceed 7% unless the legislature determines that such addi-~~
38 ~~tional debt is necessary to address a critical state emergency.~~

39 (b) The Kansas **department of administration and the Kansas** de-
40 velopment finance authority **jointly** shall conduct ~~a debt affordability~~
41 ~~analysis each year~~ **an affordability report each year to assist the gov-**
42 **ernor and the legislature in setting priorities among capital projects**
43 **and related appropriations.** Proposed capital projects that require

1 funding by the issuance of ~~additional state debt~~ **bonds and notes sup-**
2 **ported by the state general fund** shall be evaluated on the basis of the
3 ~~analysis to assist the governor and the legislature in setting priorities~~
4 ~~among capital projects and related appropriations~~ **report.**

5 (c) ~~The Kansas development finance authority shall annually prepare~~
6 ~~a debt affordability report, to~~ **shall** be presented to the board of directors
7 of the Kansas development finance authority, the president of the senate,
8 the speaker of the house of representatives and the chairperson of the
9 senate committee on ways and means and the house committee on ap-
10 propriations by December 15 of each year, for purposes of providing a
11 framework for the legislature to evaluate and establish priorities for bills
12 that propose the authorization of additional state ~~debt during the next~~
13 ~~budget year~~ **bonds and notes supported by appropriations from the**
14 **state general fund during the next budget year.**

15 (d) The report prepared under subsection (c) shall include, but not
16 be limited to:

17 (1) A listing of ~~state debt outstanding, other debt secured by state~~
18 ~~revenues and other contingent debt~~ **all bonds and notes outstanding**
19 **secured by appropriations from the state general fund and other**
20 **bonds and notes secured by other funds and revenues of the state**
21 **and state agencies.**

22 (2) An estimate of ~~revenues~~ **funds** available **in the state general**
23 **fund** for the next 10 fiscal years to pay debt service, ~~including general~~
24 ~~revenues plus any revenues specifically pledged to pay debt service on~~
25 **bonds or notes supported by appropriations from the state general**
26 **fund, plus any additional funds or revenues that may specifically**
27 **be pledged through appropriations to pay debt service.**

28 (3) ~~An estimate of additional debt issuance for the next 10 fiscal years~~
29 ~~for the state's existing borrowing programs~~ **The provisions of a 10 year**
30 **capital improvements plan for state agencies.**

31 (4) A schedule of the annual debt service requirements, including
32 principal and interest allocation, ~~on the outstanding state debt and an~~
33 ~~estimate of the annual debt service requirements on the debt included in~~
34 ~~paragraph (d)(3) for each of the next 10 fiscal years~~ **with respect to all**
35 **bonds or notes supported by appropriations from the state general**
36 **fund.**

37 (5) An overview of the state's ~~general obligation~~ credit rating.

38 (6) Identification and calculation of pertinent debt ratios, including,
39 but not limited to, debt service ~~to revenues available to pay debt service,~~
40 ~~debt to personal income and debt per capita for the state's net tax sup-~~
41 ~~ported debt~~ **on all bonds and notes for the benefit of the state and**
42 **state agencies to funds available to pay debt service, debt service**
43 **on all bonds and notes for the benefit of the state and state agencies**

1 ***compared to personal income and the per capita amount of aggregate***
2 ***principal amount of outstanding bonds and notes for the benefit***
3 ***of the state and state agencies.***

4 (7) ~~The estimated debt capacity available over the next 10 fiscal years~~
5 ~~without the benchmark debt ratio of debt service to revenue exceeding~~
6 ~~6%.~~

7 ~~(8)~~ A comparison of the debt ratios prepared for paragraph (d)(6),
8 with the comparable debt ratios for the ~~10 most populous~~ ***contiguous***
9 states.

10 (e) The Kansas ***department of administration and the Kansas*** de-
11 velopment finance authority shall prepare an update of the report set
12 forth above upon completion of the revenue estimates prepared in con-
13 nection with the legislative session.

14 (f) Any entity ~~issuing debt secured by state revenues~~ ***authorized or***
15 ***seeking authorization to issue bonds or notes secured by appropri-***
16 ***ations from the state general fund*** shall provide the information nec-
17 essary to prepare the debt affordability report.

18 (g) Failure to comply with this section shall not affect the validity of
19 any ~~debt or the authorization of such debt.~~ ***bonds or notes or the au-***
20 ***thorization of such bonds or notes.***

21 Sec. 2. This act shall take effect and be in force from and after its
22 publication in the statute book.