

SESSION OF 2003

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2289**

As Amended by House Committee of the Whole

**Brief\***

HB 2289 would authorize the Kansas Development Finance Authority (KDFA) to cooperate with out-of-state entities to issue bonds for projects located both within and outside of the state. The bill would limit the financing of multi-state projects to those which have a benefit to Kansas or those in which the owner/operator of a business has a presence in Kansas.

Also, the bill would authorize the Kansas Development Finance Authority to issue bonds for county hospitals which may be financed with general obligation bonds. Current law does not provide for this issuance.

HB 2289 would also authorize the Kansas Development Finance Authority to issue bonds to finance facilities for high speed digital service. These bonds may be issued in cooperation with a political subdivision or with a political subdivision in partnership with the private sector. KDFA would be authorized to issue bonds in an amount sufficient to cover the costs of construction, upgrading, and acquisition of electric transmission lines and rights-of-way including any required interest on the bonds, the costs of bond issuance, and required reserves.

The bill also would authorize the Kansas Development Finance Authority to issue revenue bonds to pay for construction, upgrading, and acquisition of electric transmission lines, and certain related expenses. Transmission lines that would be eligible for bond financing would be those used for transfer of at least 69 kilovolts of electricity. "Electric transmission line" would be defined to mean any line or line extension that is at least five miles long and used for bulk transfer of

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org/klrd>

electricity. Bonds issued under authority created by the bill would be payable from revenue generated from the use of transmission lines.

## **Background**

HB 2289 was requested by the Kansas Development Finance Authority at the suggestion of the Sisters of Charity of Leavenworth Health Services Corporation. The President of KDFA appeared before the Committee in favor of the bill. There were no opponents to the bill testifying before the Committee.

The fiscal note prepared by the Division of the Budget indicates no fiscal impact to the state.

The House Committee amended the bill to authorize the Kansas Development Finance Authority to issue bonds for county hospitals which may be financed with general obligation bonds.

The House Committee of the Whole amended the bill to authorize the Kansas Development Finance Authority to issue bonds to finance facilities for high speed digital service. These bonds may be issued in cooperation with a political subdivision or with a political subdivision in partnership with the private sector. KDFA would be authorized to issue bonds in an amount sufficient to cover the costs of construction, upgrading, and acquisition of electric transmission lines and rights-of-way including any required interest on the bonds, the costs of bond issuance, and required reserves. The House amendment also would authorize KDFA to issue bonds for construction, upgrading, and acquisition of certain electric transmission lines. The provision regarding use of bond financing for electric transmission lines was also included in HB 2018 as passed by the House.