

HOUSE BILL No. 2588

AN ACT concerning water; relating to debt authorization for water districts; amending K.S.A. 19-3553 and K.S.A. 2011 Supp. 82a-619 and repealing the existing sections.

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

Section 1. K.S.A. 19-3553 is hereby amended to read as follows: 19-3553. (a) The governing body on behalf of the district may issue and sell revenue bonds *for the following purposes:*

(1) To finance the cost of acquisition, construction, reconstruction, alteration, repair, improvement, extension or enlargement of the water supply system; *or*

(2) *to refund any outstanding revenue bonds or warrants or to refund any notes or loans payable to the department of health and environment, to the United States department of agriculture or otherwise.*

Such revenue bonds are hereby made a lien on the water supply system and on the revenues produced from such water supply system, but shall not be general obligations of the public agencies participating in the agreement. All revenue bonds issued under this act shall be signed by the president of the governing body of the district and attested by the secretary of the governing body of the district and shall contain recitals stating the authority under which such bonds are issued and that they are to be paid by the district from the net revenue derived from the operation of the water supply system and not from any other fund or source and that ~~said such~~ bonds are negotiable. All such bonds shall be registered in the office of the county clerk of each county wherein such district is located and in the office of the state treasurer and when so registered and issued shall import absolute verity, and shall be conclusive in favor of all persons purchasing such bonds, that all proceedings and conditions precedent have been had and performed to authorize the issuance thereof. The provisions of K.S.A. 10-112, *and amendments thereto*, shall not apply to any bonds issued under this act.

(b) Revenue bonds issued under this act shall have all of the qualities and incidents of negotiable instruments, shall mature serially over a period beginning not later than five ~~(5)~~ years after the date of the bonds and ending not later than ~~forty (40)~~ years after such date and shall bear interest at a rate not exceeding the maximum rate of interest prescribed by K.S.A. 10-1009, *and amendments thereto*. Such bonds may be in such denominations, may be in such form, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment and may be subject to such terms of redemption, with or without premium, as may be provided by resolution of the governing body. In no case shall the total amount of bonds issued hereunder be in excess of the actual cost of the plan or program which shall include, in addition to all expenses incurred in acquiring, constructing, or improving the water supply system, all no-fund warrants issued under the provisions of K.S.A. 19-3554, *and amendments thereto*, and unpaid at the time ~~said such~~ revenue bonds are issued. No water district or county in which the water district lies shall have any right or authority to levy taxes to pay any of the principal or interest on any such bonds or any judgment against the issuing water district on account thereof, and the provision of K.S.A. 10-113, *and amendments thereto*, shall not apply to any bonds issued hereunder.

(c) The governing body shall by appropriate resolution make provisions for the payment of ~~said such~~ bonds by fixing rates, fees and charges, for the use of all services rendered by such water district, which rates, fees and charges shall be sufficient to pay the costs of operation, improvement and maintenance of the water supply system, to provide an adequate depreciation fund, provide an adequate sinking fund to retire ~~said such~~ bonds and pay interest thereon when due, and to create reasonable reserves for such purposes. ~~Said Such~~ fees, rates or charges shall be sufficient to allow for miscellaneous and emergency or unforeseen expenses. The resolution of the governing body authorizing the issuance of revenue bonds may include agreements, covenants or restrictions deemed necessary or advisable by the governing body to effect the efficient operation of the system and to safeguard the interests of the holders of the revenue bonds and to secure the payment of the bonds and the interest thereon.

Sec. 2. K.S.A. 2011 Supp. 82a-619 is hereby amended to read as follows: 82a-619. Every district incorporated under this act shall have per-

petual succession, subject to dissolution or consolidation pursuant to law and shall have the power to:

- (a) Exercise eminent domain within the boundaries of such district;
- (b) sue and be sued;
- (c) contract;
- (d) hold real and personal property acquired by will, gift, purchase, or otherwise, as authorized by law;
- (e) construct, install, maintain and operate such ponds, reservoirs, pipelines, wells, check dams, pumping installations or other facilities for the storage, transportation or utilization of water and such appurtenant structures and equipment necessary to carry out the purposes of its organization;
- (f) contract with cities or counties, or both, to operate and maintain state-permitted wastewater treatment works, systems and other facilities relating to the treatment of wastewater within the boundaries of the district;
- (g) cooperate with and enter into agreements with the secretary of the United States department of agriculture or the secretary's duly authorized representative necessary to carry out the purposes of its organization; and to accept financial or other aid which the secretary of the United States department of agriculture is empowered to give pursuant to ~~16 U.S.C.A., secs. 500r, 500s, 500x-1, 500x-a and 500x-3, and amendments thereto~~ 7 U.S.C. § 1921 *et seq.*, as in effect on the effective date of this act;
- (h) acquire loans for the financing of up to 95% of the cost of the construction or purchase of any project or projects necessary to carry out the purposes for which such district was organized and to execute notes and mortgages in evidence thereof with interest, or combined interest and mortgage insurance charges, which shall not exceed 13%, except that for purposes of interim financing, interest or combined interest and mortgage insurance charges shall not exceed 14%. Any district shall have the same power to acquire loans *or to issue revenue bonds pursuant to K.S.A. 82a-625, and amendments thereto*, for the refinancing of up to 95% of the original cost of any such project or projects. The balance of the cost of construction shall be acquired by subscription, donation, gift or otherwise than through the medium of loans, except that in the case of cooperative corporations and corporations not-for-profit being converted to water districts as provided for in K.S.A. 82a-631 to 82a-635, inclusive, and amendments thereto, the district may assume 100% of the indebtedness of the corporation, providing the corporation originally raised at least 10% of the construction cost by means otherwise than through the medium of loans. Any such loan may be secured by any or all of the physical assets owned by the district, including easements and rights-of-way, except that no district organized under this act shall have any power or authority to levy any taxes.

Sec. 3. K.S.A. 19-3553 and K.S.A. 2011 Supp. 82a-619 are hereby repealed.

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

I hereby certify that the above BILL originated in the HOUSE, and passed that body

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE _____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.