

MINUTES OF THE HOUSE LOCAL GOVERNMENT COMMITTEE

The meeting was called to order by Chairman Sharon Schwartz at 3:40 p.m. on March 12, 2009, in Room 446-N of the Capitol.

All members were present except:

Representative Michael Peterson - Absent

Committee staff present:

Ken Wilke, Office of the Revisor of Statutes
Martha Dorsey, Kansas Legislative Research Department
Jill Shelley, Kansas Legislative Research Department
Carol Bertram, Committee Assistant

Conferees appearing before the Committee:

Eric Sartorius, Assistant City Manager, City of Overland Park

Others attending:

See attached list.

Committee members had been sent copies of the minutes for the meetings of February 26, 2009, and March 6, 2009. Chair Schwartz asked if there was a motion to approve these minutes. Representative Seiwert moved that the Local Government Committee minutes of February 26 and March 5, 2009 be approved as written, seconded by Representative Slattery. The motion carried.

Chair Schwartz requested the Committee's consideration on **SB 35 - Municipal bonds and obligations and interest rates thereon.**

Ken Wilke, Office of Revisor of Statutes, briefed the committee on **SB 35** and stood for questions. He stated **SB 35** would suspend temporarily the cap on interest rates that is placed upon bonds issued by municipalities and other local taxing subdivisions of the state.

Representative Mah made a motion to change lines 19 and 29 from "(1) three percent" to read "(1) six percent," and change lines 21 and 30 from "(2) four percent to read (2) seven percent." The motion was seconded by Representative Holmes. Discussion followed.

Representative Goico made a substitute motion to replace proposed (d) beginning on line 42 of page 1 to read: "(d) Notwithstanding the foregoing, for the period from the effective date of this act until and including June 30, 2010 the maximum interest rate which be fixed on fixed-rate or variable rate bonds issued by a municipality or taxing subdivision of the state of Kansas shall be determined on the day the bonds are sold and shall not exceed the daily yield for the ten-year treasury bonds published by The Bond Buyer, in New York, New York, on the Monday next preceding the day on which the bonds are sold, plus (1) ten percent, if the interest on the bonds is excluded from gross income for federal income tax purposes or (2) thirteen percent, if the interest on the bonds is included in gross income for federal income tax purposes." The motion was seconded by Representative Huebert.

Lengthy discussion followed where concerns were expressed in regard to the interest rate of the bonds and the length of time this act would be effective. The Chair recognized Eric Sartorius, who stood before the Committee to answer questions concerning the substitute motion.

Representative Goico moved to amend his substitute motion which would change the provisions ending date to " June 30, 2011", and to add the word "may" to read "the maximum interest rate which may be fixed", seconded by Representative Holmes. The motion carried with one opposing vote.

Representative Slattery made the motion that the Committee recommend **SB 35** as amended favorably for passage, seconded by Representative Holmes. The motion carried unanimously.

Chair Schwartz requested the Committee's consideration on **SB 38 - Hospital districts; formation, Linn county.**

CONTINUATION SHEET

Minutes of the House Local Government Committee at 3:30 p.m. on March 12, 2009, in Room 446-N of the Capitol.

Ken Wilke, Office of the Revisor of Statutes, gave an overview of **SB 38** and stood for questions. He stated the bill would provide two options for holding an election to establish a hospital district in Linn County's Mound City and Paris townships. It also would set requirements for any hospital board established.

Representative Huebert made a motion that the Committee recommend **SB 38** favorably for passage, seconded by Representative Slattery. Motion carried

Chair Schwartz noted that Representative Otto lived up to the Committee Rules in regard to cellular telephones.

The next meeting of the Local Government Committee is scheduled for March 17, 2009.

The meeting was adjourned at 4:15 p.m.

Representative Sharon Schwartz, Chair