

12-3804. Same; findings required by governing bodies before issuance. No local unit of general government may issue industrial development bonds under the provisions of this act without a finding by the government body:

(a) That the local unit of general government has a contract with an individual, partnership or corporation to lease the property to be acquired with the proceeds of the industrial development bonds for occupancy and use in connection with the conduct of an industrial enterprise for a period of years, and for the lessee to pay an annual rental adequate to meet interest and principal payments falling due during the term of the lease:

(b) That the lessee of the property is a responsible party;

(c) That the contract for lease of the property provides for:

(1) The reasonable maintenance, less normal wear and tear, of the property by the lessee;

(2) insurance to be carried on the property and the use and disposition of insurance moneys;

(3) the rights of the local unit of general government and the lessee respecting the disposition of the property financed by the proposed industrial development bonds upon retirement of the bonds or termination of the contract by expiration or by failure to comply with any of the provisions thereof; and

(4) The lessee to provide lease guarantee insurance with a company authorized to do business in the state of Kansas sufficient to cover any outstanding indebtedness under the lease agreement, such insurance to be furnished by the lessee upon issuance of such bonds;

(d) That the contract provides for the rights of the bondholders, the care and disposition of rental receipts, and such other safeguards as are deemed to be necessary;

(e) That financing by banks, other financial institutions, or other parties, of the property required by the lessee is not readily available to the lessee on ordinary commercial terms in adequate amounts either on the local market or on the national market;

(f) That the facility offered the lessee is intended to accommodate expansion of an enterprise located elsewhere or a new enterprise and not primarily the relocation of an existing facility;

(g) That adequate provision is being made to meet any increased demand upon community public facilities that might result from the proposed project; and

(h) That the issuance of the proposed bonds and the operation of the enterprise of the lessee will not disrupt the fiscal stability of the issuing local unit of general government in the event it should become necessary for it to assume responsibility for payment of the interest and principal of the proposed industrial development bonds.

History: L. 1974, ch. 49, § 4; July 1.