



KANSAS ASSOCIATION OF COUNTIES  
TESTIMONY TO THE HOUSE LOCAL GOVERNMENT COMMITTEE  
ON HB 2296

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to testify in opposition to HB 2296.

HB 2296 concerns Public Building Commissions (PBCs) and their ability to issue revenue bonds to construct, reconstruct, equip or furnish facilities and then lease them to a public entity or nonprofit entity. The revenue produced by the leases is used to pay off the bonds. HB 2296 would require a vote of the electorate before the PBC could issue the bonds.

PBCs are often used to construct adult and juvenile detention facilities (i.e. jails), pledging revenue from the lease of the facility to repay the bonds. For example, counties often use revenues from renting jail space to other entities such as other counties, the State, or the federal Marshal's Service, to repay the bonds. Here in Topeka, the City of Topeka's Public Building Commission sold revenue bonds to finance construction of the Curtis State Office Building, pledging a signed lease between the City of Topeka PBC and the State of Kansas to guarantee bond payments.

Public Building Commissions are a means of financing public improvements where there is a steady revenue stream to back-up the bond payments. This moves the financing of buildings away from sales tax, property tax, and general obligation bonds. Another benefit of a PBC is its own governing board, which can include individuals who are knowledgeable on building and managing properties, expertise that may not be found on the city council or county commission.

The Kansas statute relating to county PBCs specifies that a petition in opposition to the resolution can be filed to require the question of issuing bonds be submitted to the voters in the county, i.e., a protest petition. The petition requires signatures of 5% of the electors of the county. As such, the current law gives electors the right to force an election on the debt issuance. We believe the existing protest petition language and the low threshold to trigger an election (5%) combine to adequately protect the public from unwarranted revenue bond issuances by a PBC. To require every revenue bond issue to gain approval by the electorate is unnecessary. Local elected officials should have some discretion to move projects forward without direct voter approval.

We urge the Committee to report HB 2296 unfavorably, and retain current law. Please let me know if you have any questions.

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