

SESSION OF 2015

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2259

As Amended by Senate Committee on Financial
Institutions and Insurance

Brief*

HB 2259, as amended, would amend provisions relating to municipal indebtedness reporting requirements and temporary notes in the bonds and warrants law.

Municipal Indebtedness Reporting

The bill would change reporting deadlines for county and municipal clerks to gather and report indebtedness figures relating to the Kansas Indebtedness Report and require the State Treasurer to publish this information online.

Under current law, individual clerks of each municipality are required to annually report debt information to the county clerk by July 5 of each year. The county clerk must then consolidate the information and report to the Bond Services Department of the State Treasurer's Office by July 15 of each year. The bill would change the deadline for municipal clerks from July 5 to July 31 each year, and change the deadline for the county clerk to compile and report the information to the State Treasurer from July 15 to August 15 each year.

Additionally, the bill would require the State Treasurer to, on or before September 30 of each year, make the information on the statements available on the State Treasurer's website.

*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>

Municipal Finance and Temporary Notes

The bill would amend provisions in the general bond law relating to municipal finance and temporary notes. The bill would remove the requirement that temporary notes, which are debt instruments used by municipalities for short-term financing, be confined to one sheet of paper.

The bill also would make technical amendments which include the updating and rephrasing of the language used in the statutes.

Background

HB 2259 was introduced in the House Committee on Financial Institutions by Representative Campbell on behalf of the State Treasurer's Office.

In the House Committee, a representative of the State Treasurer's Office spoke in favor of the bill, stating current deadlines are often difficult for municipal and county clerks to comply with due to the short time period. He stated changes to the statutory deadlines would allow the county and municipal clerks more time to gather and report the indebtedness figures. There was no neutral or opponent testimony.

The House Committee amendment requires the State Treasurer to publish information relating to the statements of indebtedness on the State Treasurer's website.

In the Senate Committee on Financial Institutions and Insurance, a representative of the State Treasurer's Office spoke in favor of the bill. No other testimony was provided.

The Senate Committee on Financial Institutions and Insurance amendment inserted provisions relating to municipal finance and temporary notes (HB 2260, as recommended by the House Committee on Financial Institutions).

According to the fiscal note prepared by the Division of the Budget on HB 2259, as introduced, the Kansas Association of Counties and the League of Kansas Municipalities indicate passage of the bill, as introduced, would have no fiscal effect on the counties and cities of Kansas. The State Treasurer indicates passage of the bill would have no fiscal effect on the agency.

HB 2260

HB 2260 was introduced in the House Committee on Financial Institutions by Representative Campbell on behalf of the State Treasurer's Office.

In the House Committee, a representative of the State Treasurer's Office spoke in favor of the bill, stating the current statutory requirement that a temporary note be restricted to one sheet of paper is an antiquated and unnecessary requirement in the modern electronic exchange environment, as temporary notes now are held in a clearinghouse to be traded electronically. He stated striking this restriction will allow bond attorneys to print the needed documentation in a readable format and will have no effect on the validity of the temporary note issue. There was no neutral or opponent testimony.

In the Senate Committee on Financial Institutions and Insurance, a representative of the State Treasurer's Office testified in support of the bill. No other testimony was provided.

According to the fiscal note prepared by the Division of the Budget on HB 2260, as introduced, the League of Municipalities indicates enactment of the bill would have no fiscal effect on the cities of Kansas. The State Treasurer indicates enactment of the bill would have no fiscal effect on the department or on local governments.