AN ACT concerning appropriations for the fiscal year ending June 30, 2021, for the department of transportation; authorizing the issuance of certain bonds; amending K.S.A. 68-2320 and repealing the existing section.

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

Section 1. DEPARTMENT OF TRANSPORTATION
(a) In addition to the other purposes for which expenditures may be made by the above agency from the moneys appropriated from the state general fund or from any special revenue fund or funds for fiscal year 2021 for the above agency as authorized by 2020 Senate Bill No. 66, this or other appropriation act of the 2020 special session, expenditures shall be made by such agency from moneys appropriated from the state general fund or from any special revenue fund or funds for fiscal year 2021 for the purposes of reconstruction and maintenance of existing highways: Provided, however, That if the above agency has insufficient funds to expend on such reconstruction and maintenance projects, then the above agency is hereby authorized and empowered to issue additional bonds pursuant to K.S.A. 68-2320, and amendments thereto, except as further provided by this section, in an amount not to exceed $100,000,000 during fiscal year 2021: And provided, however, That any additional bonds issued pursuant to this section shall not be subject to the limitations established on maximum annual debt service by K.S.A. 68-2320(c), and amendments thereto.

Sec. 2. K.S.A. 68-2320 is hereby amended to read as follows: 68-2320. (a) On and after July 1, 1991, the secretary of transportation is hereby authorized and empowered to issue bonds of the state of Kansas, payable solely from revenues accruing to the state highway fund and transferred to the highway bond debt service fund and pledged to their payment, for the purpose of providing funds to pay costs relating to construction, reconstruction, maintenance or improvement of highways in this state and to pay all expenses incidental thereto and to the bonds. The secretary is hereby authorized to issue bonds the total principal amount of which shall not exceed $890,000,000.

(b) In addition to the provisions of subsection (a), on and after July 1,
1999, the secretary of transportation is hereby authorized and empowered
to issue bonds of the state of Kansas, payable solely from revenues
accruing to the state highway fund and transferred to the highway bond
debt service fund and pledged to their payment, for the purpose of
providing funds to pay costs relating to construction, reconstruction,
maintenance or improvement of highways in this state and to pay all
expenses incidental thereto and to the bonds. The secretary is hereby
authorized to issue bonds the total principal amount of which shall not
exceed $1,272,000,000.

(c) (1) In addition to the provisions of subsections (a) and (b), on and
after July 1, 2010, the secretary of transportation is hereby authorized and
empowered to issue additional bonds of the state of Kansas, payable solely
from revenues accruing to the state highway fund and transferred to the
highway bond debt service fund and pledged to their payment, for the
purpose of providing funds to pay costs relating to construction,
reconstruction, maintenance or improvement of highways in this state and
to pay all expenses incidental thereto and to the bonds. On and after the
effective date of this act, except as provided further, no bonds shall be
issued by the secretary pursuant to this subsection unless the secretary
certifies that, as of the date of issuance of any such series of additional
bonds, the maximum annual debt service on all outstanding bonds issued
pursuant to this section and K.S.A. 68-2328, and amendments thereto,
including the bonds to be issued on such date, will not exceed 18% of
projected state highway fund revenues for the current or any future fiscal
year. During the fiscal year ending June 30, 2018, and the fiscal year
ending June 30, 2019, the limitation on the amount of the maximum total
amount of principal on all outstanding bonds issued pursuant to this-
subsection and K.S.A. 68-2328, and amendments thereto, for the purpose
of issuing any such series of additional bonds authorized by the secretary
shall be $1,700,000,000 of the total principal for the transportation works
for Kansas program authorized under K.S.A. 68-2314b et seq., and
amendments thereto 2021, any bonds that have been issued pursuant to
section 1 shall not be counted toward the limit on maximum annual debt
service established under this section. The provisions of this section
relating to limitations of bonded indebtedness shall not in any way impair
the rights and remedies of the holders of any bonds issued prior to the
effective date of this act.

(2) As used in this subsection:
(A) "Maximum annual debt service" means the maximum amount of
debt service requirements on all outstanding bonds for the current or any
future fiscal year;
(B) "debt service requirements" means, for each fiscal year, the
aggregate principal and interest payments required to be made during such
fiscal year on all outstanding bonds, including the additional bonds to be
issued, less any interest subsidy payments expected to be received from
the federal government, less any principal and interest payments
irrevocably provided for from a dedicated escrow of United States
government securities;

(C) "projected state highway fund revenues" means all revenues
projected by the secretary of transportation to accrue to the state highway
fund for the current or any future fiscal year; and

(D) "fiscal year" means the fiscal year of the state.

(3) Debt service requirements for variable rate bonds outstanding or
proposed to be issued for the current or any future fiscal year for which the
actual interest rate cannot be determined on the date of calculation shall be
deemed to bear interest at an assumed rate equal to the average of the
SIFMA swap index, or any successor variable rate index, for the
immediately preceding five calendar years plus 1% and an amount
determined by the secretary that represents the then current reasonable
annual ancillary costs associated with variable rate debt, including credit
enhancement, liquidity and remarketing costs; except that, debt service
requirements for variable rate bonds that are hedged pursuant to an interest
rate exchange or similar agreement that results in synthetic fixed rate debt
shall be deemed to bear interest at the synthetic fixed rate plus .5% and an
amount determined by the secretary that represents the then current
reasonable annual ancillary costs associated with variable rate debt,
including credit enhancement, liquidity and remarketing costs.

(4) Projected state highway fund revenues for the current or any
future fiscal year for which the actual revenues cannot be determined on
the date of calculation shall be deemed to be the actual revenues for the
most recently completed fiscal year, adjusted in each subsequent fiscal
year by a percentage equal to the historical average annual increase or
decrease in revenues for the five fiscal year period prior to the current
fiscal year, and further adjusted to take into account any increases or
decreases in the statutory rates of any taxes or other charges or transfers
that comprise a portion of the revenues.

(d) In accordance with procurement statutes, the secretary may
contract with financial advisors, attorneys and such other professional
services as the secretary deems necessary to carry out the provisions of
this act, and to do all things necessary or convenient to carry out the
powers expressly granted in this act.

Sec. 3. K.S.A. 68-2320 is hereby repealed.

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