

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairman David Wysong at 8:30 a.m. on January 28, 2009, in Room 545-N of the Capitol.

All members were present except:  
Senator Susan Wagle- excused

Committee staff present:  
Mr. Margaret Cianciarulo, Administrative Assistant  
Mr. Norm Furse, Office of the Revisor of Statutes  
Mr. Ken Wilke, Office of the Revisor of Statutes  
Mr. Reed Holwegner, Kansas Legislative Research Department

Conferees appearing before the Committee:  
Mr. Gary Anderson, Attorney, Gilmore & Hall  
Mr. Don Moler, Executive Director, League of Municipalities  
Mr. Matt Fletcher, Associate Director, InterHab and Chair, State Use Committee

Others attending:  
See attached list.

**Hearing on SB36 - An act concerning cities and counties, relating to the transportation development district act and special assessments and citing SB78 - an act concerning transportation development districts**

Before the meeting was called to order, Chairman Wysong announced that because **SB36** has basically been worked out with **SB78**, he would be pulling **SB36** today and **SB78** would be heard and worked next week (Wednesday, February 4, 2009), mentioning that the reason they cannot do that today is that they did not announce it publicly.

**Hearing on SB35 - An act concerning municipal bonds and interest rates**

The Chair then opened the meeting by announcing they would be hearing SB35 and called upon Mr. Norm Furse, Office of the Revisor of Statutes, to interpret the bill. Mr. Furse began his by stating that the bill, introduced in this Committee, related to interest rates on municipal bonds and amends the current section 10-009. He went on to say that the only change in this occurs at the bottom of page one and top of page 2 with the current law sections in (a), (b), and © set maximum interest rates on different types of municipal bond financing with:

- sub (a) is on fixed rate bonds
- sub (b) is on variable rate bonds
- sub © relates to bonds issued prior to 2002
- with the new language in sub (d).

The effective date of this bill would be the Kansas register, which means when it passes the Legislature and signed by the Governor, then it is published by the Kansas register and on that publication date is the effective date of the bill.

The new language in sub (d) basically says that the provisions of this section are going to be suspended for a period of time from its publication in the Kansas register until and including June 30, 2010. This section is referenced in the 108 statutes with 105 of them basically saying our regulated sector has created a particular bond issue and that the interest rates shall not be greater than that fixed under this statute 10-1009. He mentioned they will need to make sure other this bill does not unduly create confusion with the municipalities of all these other sections referring to them, but that language could be added if there was some confusion

The Chair thanked Mr. Furse and asked the Committee for questions or comments which came from Senator Holland asking with the impetus and the driving behind this type of legislation, what is your take on that?

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The Chair then called upon the first of two proponents of the bill, Mr. Gary Anderson, an attorney for Gilmore and Bell, Kansas City, Missouri, who stated that this bill would temporarily remove the interest rate cap on municipal bonds until June 30, 2010. The reasons for this temporary change, he said, are (1) the current interest rate environment for municipal bonds and (2) certain provisions relating to taxable bonds that are contained in the current House and Senate version of the proposed federal stimulus bill. He offered information on: the current law in Kansas that provides the interest rate ceiling for municipal bonds in Kansas, the municipal bond interest rate environment, and the federal stimulus bill. A copy of his testimony is ([Attachment 1](#)) attached hereto and incorporated into the Minutes as referenced.

He stood for questions which came from Mr. Furse who asked with regard to all of the other statutes sitting out there, as a bond attorney do you see any problem not amending those in some way?

The Chair thanked Mr. Anderson and called on Mr. Don Moler, Executive Director, League of Municipalities, who stated that this legislation was brought to the League's attention by a number of city officials prior to the beginning of the legislature session, who voiced concern that given the current statutory requirements regarding interest rates on municipal bonds, it was likely that it would create a situation in which it was difficult to sell municipal bonds in Kansas. He is in favor of passage so that there will be no additional burden placed on local governments in the issuance on municipal bonds over the coming year. A copy of his testimony is ([Attachment 2](#)) attached hereto and incorporated into the Minutes as referenced.

Mr. Moler then stood for questions which came from Senator Holland who said that the concern is because with a 10-year Treasury their interest rates are tanking and so when these federal stimulus programs come down with credit subsidies or whatever, the ceiling you can issue on your bonds, this would not be attractive?

As there were no more questions, Chairman Wysong thanked Mr. Moler and offered four written testimonies for the bill from the following:

- 1) Ms. Melissa Wangemann, General Counsel, Kansas Association of Counties
- 2) Mr. Michael Dever, Mayor, City of Lawrence, Kansas;
- 3) Mr. Colin Hansen, Executive Director, Kansas Municipal Utilities;
- 4) Mr. Erik Sartorius, Assistant City Manager;

Copies of the written testimonies are ([Attachment 3](#)) attached hereto and incorporated into the Minutes as referenced.

As there were no opponents of the bill, the Chair closed the hearing.

### **Hearing on SB77 -an act concerning transportation development districts**

The Chair again stated, for those who arrived a little late, the Committee was bypassing **SB36** because **SB78**, which was introduced by Senator Lynn is basically the same bill, so we will be hearing and working **SB78** next Wednesday and that **SB36** will no longer exist. He stated he would now like to open the hearing on **SB77** and again, Chairman Wysong called upon Mr. Furse to give an overview of the bill. Mr. Furse began by saying this bill was also introduced by this Committee and deals with the state use law committee section of statutes with the only change being the date of expiration. He went on to say that this is an amendatory section with the new changes reflected using the strike out and italics shown on page 2, line 39. The current expiration date of 2009 is being stricken and the new date of 2014 would be inserted. On page 1 in lines 15 thru 19 basically tells us what the state use law committee is, which is to advise the director of purchases on issues surrounding the purchase of products and services provided by blind or disabled persons. Sub (b) sets out the membership of the committee, sub © relates to the terms of the committee, and sub (d) refers to the compensation of the committee members with sub (e) relating to the duties of this advisory committee. He concluded by stating that the bill would become effective upon publication in the Kansas register.

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As there were no questions of Mr. Furse, the Chair called upon the only proponent conferee for the bill, Mr. Matt Fletcher, Associate Director, InterHab and Chair, of the State Use Law Committee who stated this is one of the oldest such laws in the United States, established more than 55 years ago to provide work opportunities to Kansans who have significant disabilities. He spoke of:

- 1) their developing a “pricing Matrix’ that will guide future pricing of State Use products that are fair to both customer and vendor;
- 2) the implementation of the annual reporting of the usage State Use Program; and,
- 3) defining a process for school districts to pursue a “substantial use waiver” from the State Use Program. (Form included);

A copy of his testimony and attachments are (Attachment 4) attached hereto and incorporated into the Minutes as referenced.

Mr. Fletcher stood for questions which came from Senators Lynn, Wysong, Faust-Goudeau, and Holland including: . How much do you get back in return to go back into the disabilities system and do you have a dollar figure? (As the annual fiscal report was bit available, the Chair asked that a copy be provided to Senator Lynn.) After sitting in on the initial hearings in 2005 he mentioned, and the difference between now and then is astounding. What is the one school district mentioned who requested the use waiver guidelines now that they have been adopted? And, asked for examples of the three categories of the substantial use waiver (ex. #two substantial use of a single vendor’s approved state use offerings) what is the school requesting and is it the school districts that fight you the most?

The Chair thanked Mr. Fletcher and mentioned there was written testimony offered from Ms. Natalie Bright, on behalf of the Coalition for Opportunity and is attached (Attachment 5) and incorporated into the Minutes as referenced.

As there were no opponents and no further discussion on the bill, the Chair closed the hearing.

### **Action on Bills**

Chairman Wysong asked for the will of the Committee to work **SB35**. A motion was made by Senator Emler and seconded by Senator Lynn to work the bill and pass favorably. The motion carried.

He again asked for the will of the Committee to work **SB77**. A motion was made by Senator Schodorf and seconded by Senator Lynn to work this bill and pass favorably. The motion carried

### **Handout**

The Chair let the Committee know that Mr. Michael Beckloff’s testimony from yesterday’s Committee meeting is in front of them and they can take it at their leisure. A copy of his testimony is attached (Attachment 6) and incorporated into the Minutes as referenced. A copy of the “National Drug Development Accelerator” binder dated November 20, 2008 can be found filed in Chairman Wysong’s office.

### **Adjournment**

As there was no further business, the Chair adjourned the meeting. The time was 9:30 a.m.

The next meeting will be a joint meeting with the House Eco Devo-Tourism Committee and is scheduled for 11:30 a.m. today, Wednesday, January 28, 2009.