

KANSAS OFFICE *of*  
**REVISOR *of* STATUTES**

LEGISLATURE *of* THE STATE *of* KANSAS  
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**MEMORANDUM**

To: Chairman Kelly and members of the House Financial Institutions and Rural Development Committee

From: Office of Revisor of Statutes

Date: March 3, 2021

Subject: **HB 2429 - Establishing the city utility low-interest loan program, allowing cities to apply to the state treasurer for loans from state unencumbered funds for extraordinary electric or natural gas costs incurred during the extreme winter weather event of February 2021.**

House Bill No. 2429 establishes the city utility low-interest loan program. The program is to be administered by the state treasurer.

The purpose of the program is to provide loans to cities for extraordinary electric or natural gas costs incurred during the extreme winter weather event of February 2021. The total aggregate amount of loans under the program shall not exceed \$100,000,000.

The state treasurer is required to adopt rules and regulations to administer the program not later than January 1, 2022, except that the state treasurer shall establish a streamlined application for loans within 14 days of the effective date of the bill. The state treasurer shall approve loans under the program in the most expeditious manner possible on or after the effective date of the bill.

The state treasurer shall submit an annual report to the governor and the legislature identifying the cities participating in the program, the aggregate amount of moneys loaned and the amount of money still available for loan, if any. The first such report shall be due on or before January 1, 2022. The legislature shall review the program on or after January 1, 2024.

Under the program, cities shall apply to the state treasurer for a loan of state unencumbered funds for the purposes of paying the extraordinary electric or natural gas costs incurred during the extreme winter weather event of February 2021. As part of such application, a city's governing body shall certify the amount of such costs and shall indicate the specific fund or account of the city in which the state treasurer shall order the director of investments to deposit the loan proceeds from state unencumbered funds.

As part of such applications, a city governing body shall be required to make a certification that if the city receives any federal moneys related to the extreme winter weather event of February 2021, the first priority for expenditure of such federal moneys is to be for payment of the loan made under the program. Loans shall be only for such extraordinary utility costs and not for any other utility costs previously budgeted for by the city.

Upon acceptance of an application, the state treasurer shall certify to the director of investments the amount required for such loan and the director of investments shall place a deposit of such certified amount with the specific fund or account of the city indicated in the application and approved by the state treasurer. If moneys are not available to make all loans, applications may be considered in the order received until moneys again become available.

The interest rate on the loans shall be 2% less than the market rate calculated under K.S.A. 75-4237 with a minimum rate of 0.25% if the market rate is below 2.25%. No loans shall be amortized for a period of more than 10 years. Payment on the loans shall not be required to be made more frequently than annually but may be made for frequently upon agreement between the city and the state treasurer.

All moneys received by the state treasurer from cities for payment of loans made under the program shall be deposited in the state treasury to the credit of the pooled money investment portfolio.

Loans made under the program shall not be considered bonded indebtedness of the city.

The bill takes effect upon publication in the Kansas register.