

Senate Committee on Agriculture

March 6, 2012

Testimony by Doug Mays
On behalf of the
Kansas Rural Water Association

House Bill 2588

Chairman Taddiken and members of the committee, I am representing the Kansas Rural Water Association in support of House Bill 2588.

Both public wholesale water supply districts (“PWWSD’s”) and rural water districts (“RWD’s”) are authorized to borrow money by entering into loans and to issue revenue bonds under certain circumstances. It has come to our attention lately that clear authority is lacking in the statutes to permit either PWWSD’s or RWD’s to issue revenue bonds to refund outstanding loans.

It is common for PWWSD’s and RWD’s to borrow money in the form of loans from the USDA, KDHE and/or commercial banks. With long term interest rates at historic lows, now is an opportune time for some PWWSD’s and RWD’s to issue revenue bonds to refund certain outstanding loans. Buyers are ready to purchase these revenue bonds on the commercial market, and rate payers will benefit from the lower borrowing costs realized through the issuance of bonds. This Bill would effect the changes necessary to make it clear that such refinancing is authorized under state law.

The only other change to existing statute proposed is in K.S.A. 82a-619, where reference is currently made to specific Federal Statutes that have been repealed. Those Federal Statutes have been replaced by a new statutory scheme, which is now referenced in the proposed Bill.

Your favorable consideration is appreciated.