

SESSION OF 2011

SUPPLEMENTAL NOTE ON SENATE BILL NO. 119

As Amended by Senate Committee on
Transportation

Brief*

SB 119, as amended, would allow cities and counties, in coordination with railroads providing service, to enter into loan or grant agreements with the Secretary of Transportation to obtain Rail Service Improvement Funds by pledging Special City and County Highway Fund (SCCHF) receipts as collateral.

The Secretary would have authority to order diversion of SCCHF distributions from any local unit failing to meet repayment terms and conditions set forth in the agreements.

The amount of any such loans obtained by cities and counties would be excluded from their bonded indebtedness limitations.

Background

Proponents, who included the Kansas Department of Transportation (KDOT), the Kansas Grain and Feed Association, and the Western Kansas Development Organization, noted that cities and counties are able to collateralize SCCHF distributions to obtain loans under a separate program, the Transportation Revolving Fund; and that the rail service loans were critical to assist the state's agricultural sector.

*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>

The Senate Transportation Committee amended the bill to clarify that cities and counties must coordinate with the railroads providing service prior to entering into the collateralized loan or grant agreements with the Secretary, a requirement that already exists in a KDOT regulation.

The fiscal note indicated that the bill has no impact for the state.