

Kansas Administrative Regulations

Department of Health and Environment

Article 15.—Application for Permits; Domestic Water Supply

28-15-54. Dedicated loan repayment source.

(a) Each loan recipient shall adopt one or more dedicated sources for repayment of the loan, including principal and interest. The dedicated sources of revenue may be in the form of revenue from water sales, service charges, connection fees, special assessments, property taxes, grants, or some combination of these sources. Each dedicated source of revenue shall be legally available to the loan recipient over the life of the loan and pledged to the repayment of the loan. Each dedicated source of revenue shall be approved by the secretary.

(1) Each loan recipient with general taxing authority shall commit to using that authority, if necessary, as a condition of receiving a loan. As an alternative to pledging general tax authority, any such loan recipient may purchase bond insurance.

(2) Each loan recipient without general taxing authority shall purchase bond insurance as a condition of receiving a loan. As an alternative to purchasing bond insurance, any such loan recipient shall pledge to maintain either of the following:

(A) A debt service coverage ratio of 140%; or

(B) a debt service coverage ratio of 125% combined with a 10% loan reserve account.

(b) Each loan recipient shall conduct an annual revenue source review during the entire life of the loan repayment obligation and, if necessary, shall implement new revenue rates as approved by the secretary.

(Authorized by K.S.A. 1996 Supp. 65-163f; implementing K.S.A. 1996 Supp. 65-163d, as amended by 1997 S.B. 40, sec. 1, and K.S.A. 1996 Supp. 65-163e through 65-163u; effective Oct. 10, 1997.)