



STATE OF KANSAS

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October 19, 1979

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ATTORNEY GENERAL OPINION NO. 79- 235

Mr. William P. Timmerman
Suite 208, Woodlawn Central Building
400 North Woodlawn
Wichita, Kansas 67208

Re: Bonds and Warrants--General Bond Law--Temporary
Notes for Improvements

Synopsis: Interest coupons may be attached to temporary
notes in the same manner as interest coupons
are attached to municipal bonds, and they shall
be subject to the same restrictions (see K.S.A.
1978 Supp. 10-126), as bond coupons.

* * *

Dear Mr. Timmerman:

You request our opinion as to whether the City of Wichita may attach interest coupons to temporary notes issued pursuant to K.S.A. 1978 Supp. 10-123. You state that many Eastern and Southern states issue such notes with interest coupons attached and that it will save considerable money in interest rates if the City of Wichita is permitted to do so.

K.S.A. 1978 Supp. 10-123 authorizes municipalities to issue temporary notes for improvements if the municipality "shall have theretofore duly authorized the making of an improvement which is to be paid for in whole or in part by the issuance of bonds." The statute further provides, in part, as follows:

Mr. William P. Timmerman
Page Two
October 19, 1979

"Said temporary notes shall be in the form usual for such bonds, except that coupons evidencing the interest need not be attached and the entire temporary note shall be contained on one sheet of paper. Such notes shall be executed and registered as are such bonds, and shall be redeemed and cancelled before or at the time permanent bonds are issued in lieu thereof" (Emphasis added.)

The underscored portion of the above statutory excerpt does not prohibit a municipality from issuing temporary notes with interest coupons attached; it merely provides that a municipality need not attach interest coupons to such notes. Although interest coupons have not previously been attached to temporary notes issued by municipalities of this state, we are unaware of any statutory provision which would prohibit such attachment.

Temporary notes possess nearly all of the characteristics of municipal bonds. K.S.A. 1978 Supp. 10-123 requires that temporary notes be in the "usual" bond form and that such notes be executed and registered as are bonds. In First State Bank v. Bone, 122 Kan. 493, 501 (1927), the court recognized that temporary notes "have the characteristics of municipal bonds, and are designated 'notes' only because of their short maximum term." It is, therefore, our conclusion that interest coupons may be attached to temporary notes in the same manner as interest coupons are attached to municipal bonds, and they shall be subject to the same restrictions (see K.S.A. 1978 Supp. 10-126), as bond coupons.

Very truly yours,



ROBERT T. STEPHAN
Attorney General of Kansas



Terrence R. Hearshman
Assistant Attorney General

RTS:BJS:TRH:jm