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MEMORANDUM

To: Chairperson Rhoades and members of the Committee on Appropriations
From: Jim Wilson, First Assistant Revisor
Date: May 3, 2011
Subject: HB 2409, National Bio and Agro Defense Facility—Bond Authority for a Capital Improvement Project

HB 2149 would amend K.S.A. 2010 Supp. 74-8963 which was enacted as part of 2008 Senate Substitute for HB 2001. A copy of the 2008 Summary of Legislation prepared by the Legislative Research Department describing this legislation is attached.

The statute amended by this bill provides authority for the Kansas Development Authority [K DFA] to issue bonds pursuant to K.S.A. 74-8901 et seq., and amendments thereto, for a capital improvement project related to the National Bio and Agro Defense Facility.

The amendments would provide for certain powers, duties and functions currently specified for the Kansas Bioscience Authority to be exercised by the Department of Administration. The limitations on proceeds for the bonds and the scope of the project remain the same as set forth in subsection (a). A new special revenue fund would be established in the state treasury. The proceeds from any bonds, after costs of issuance would be deposited in the new fund, the Bioscience Development Fund, to be administered by the Department of Administration.

On and after the effective date of the act, the issuance of bonds would be approved for the Department of Administration for the project under subsection (b).

The act would take effect upon publication in the Kansas Register

Appropriations Committee
Date May 4, 2011
Attachment 1

National Bio and Agro Defense Facility—Bond Authority for a Capital Improvement Project

Senate Sub. for HB 2001 authorizes the issuance of up to a net of \$105.0 million in revenue bonds for the purpose of supporting a capital improvement project relating to a National Bio and Agro Defense Facility (NBAF). The bill requires the Kansas Bioscience Authority to approve any such capital improvement project, including infrastructure related improvements, such as electrical, water and sewer and a central utility plant, prior to the issuance of any bonds by the Kansas Development Finance Authority. The Kansas Bioscience Authority will receive the net proceeds from bond sales for making expenditures in support of the capital improvement project.

The bill requires that debt service will be financed by the State General Fund or any other appropriate special revenue fund or funds, subject to appropriation by the Legislature. The term for debt service is not to exceed 20 years from the date of issuance. No debt service payments are required prior to July 1, 2009.

In addition, the bill requires the Department of Administration to be responsible for budgeting the payment of principal and interest on the bonds, subject to legislative appropriation of moneys for debt payments. The bill provides that neither the state nor the Department of Administration has the power to pledge the full faith and credit or taxing power of the state for debt service. Likewise, an obligation of debt service on the bonds is not considered a debt or obligation of the state for the purpose of Section 6 of Article 11 of the *Kansas Constitution*.