

March 5, 2013

REVISED

The Honorable Pete DeGraaf, Chairperson
House Committee on Financial Institutions
Statehouse, Room 459-W
Topeka, Kansas 66612

Dear Representative DeGraaf:

SUBJECT: Revised Fiscal Note for HB 2139 by House Committee on General Government Budget

In accordance with KSA 75-3715a, the following revised fiscal note concerning HB 2139 is respectfully submitted to your committee.

HB 2139 would abolish the Canceled Warrants Payment Fund. All balances in the Canceled Warrants Payment Fund would be transferred to the State General Fund and all balances accrued from unpaid canceled warrants would be transferred upon the records of the Director of Accounts and Reports and State Treasurer and would be considered unclaimed property. The bill would also repeal statutes related to the cancellation of certain city and county warrants. The original fiscal note failed to explain this repeal.

Estimated State Fiscal Effect				
	FY 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$30,800	\$111,900
FTE Pos.	--	--	--	--

Since the original fiscal note was issued, the League of Kansas Municipalities now states that enactment of HB 2139 would have a fiscal effect upon Kansas cities because it would repeal the current statutory process for cities to handle unclaimed and cancelled warrants. However, the League indicates it is not possible to determine what the actual fiscal effect would be upon Kansas cities. No explanation of the bill's effect on counties has been provided by the Association of Counties. The Kansas Department of Revenue indicates it would need \$81,100 from agency fee funds to implement the provisions of HB 2139 as they relate to agency payments. Of the above amount, \$67,200 would be for programming costs and \$13,900 would be for administrative and testing costs. The State Treasurer indicates there are approximately

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6,200 warrants with a total value of approximately \$1.89 million issued between July 1, 2010, when the state implemented the Statewide Management, Reporting, and Accounting Tool (SMART) financial system and December 31, 2012, that have not been cancelled. These warrants would be immediately reportable as unclaimed property. The agency does not anticipate additional staff would be required to handle claims for the property.

The Department of Administration states it would need \$29,000 for additional one-time programming costs in FY 2014 and another \$1,800 in FY 2014 and future fiscal years for annual programming costs to implement the provisions in HB 2139 all from the State General Fund. For the FY 2014 amount, \$22,000 would be for technical analysis and \$8,800 would be for functional analysis to SMART. The Department for Children and Families (DCF) indicates the federal government requires the federal portion of cancelled warrants to be credited to the associated federal fund. If, under HB 2139, the federal portion of a cancelled warrant is sent to the State Treasurer as unclaimed property, DCF would need to know the amount by federal fund, in order to credit the federal fund. The credits would be absorbed by DCF as a state-only cost. DCF does not have a reliable estimate of the potential state cost at this time. Any fiscal effect associated with HB 2139 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Pam Fink, Administration
Derek Kreifels, Treasurer's Office
Jackie Aubert, DCF
Dave Halferty, KDADS
Aaron Dunkel, KDHE