

February 17, 2016

The Honorable Troy Waymaster, Chairperson
House Committee on General Government Budget
Statehouse, Room 165-W
Topeka, Kansas 66612

Dear Representative Waymaster:

SUBJECT: Fiscal Note for HB 2660 by House Committee on Judiciary

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2660 is respectfully submitted to your committee.

HB 2660 would require the Department of Administration to notify a person or business who has paid fees to a fee agency if fee agency revenue has been transferred to the State General Fund or a special revenue fund. Written notification must be sent by the Department within 60 days of the transfer. "Fee agency" would include state agencies specified in KSA 75-3717(f) and any other state agency that collects fees for licensing, regulating or certifying a person, profession, commodity or product.

According to the Department of Administration, HB 2660 could require large increases in expenditures and workload for Department and fee agency staff. However, the Department is unable identify the specific fiscal effect because the agency does not possess the data from which an estimate could be made. Additionally, the potential scope of the bill contributes to the inability of the Department to estimate the fiscal effect as the definition of "fee agency" could affect many state agencies beyond those specified in KSA 75-3717(f).

Providing written notifications would require the Department to be able to identify fee agency customers, which would need to be obtained from the various fee agencies. However, the Department indicates it would be necessary to know fee agency fund balances by customer in order to specifically identify whose paid fees are affected by a transfer. Tracking fund balances by customer would be a new state accounting policy and methodology. In order to track fund balances by customer, everything that affects the fund balance would also have to be recorded at the customer level including receipt of customer fees and other transactions associated with the fund balance such as expenditures, journal or correcting adjustments and transfers from the fee fund for general government purposes or services.

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The Department indicates that tracking fee agency fund balances could be done by the fee agencies or through SMART. In either case, it is estimated that doing so would require extensive modifications to SMART. While the Department does not have a projected cost for the modifications, it is estimated that the time and cost to develop and implement the modifications would be substantial.

The Department of Administration would also incur mailing expenses from the requirement that it provide written notifications to individuals or businesses whose paid fees are affected by a transfer. However, the cost to mail the notifications is unknown because the number of notifications that would be required as a result of the bill is currently unavailable to the Department. Any fiscal effect associated with HB 2660 is not reflected in *The FY 2017 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Colleen Becker, Department of Administration