

March 2, 2016

The Honorable Ron Ryckman, Jr., Chairperson
House Committee on Appropriations
Statehouse, Room 111-N
Topeka, Kansas 66612

Dear Representative Ryckman:

SUBJECT: Fiscal Note for HB 2703 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2703 is respectfully submitted to your committee.

HB 2703 would prohibit agencies from the following actions unless specifically authorized by appropriation or other act of the Legislature or by the State Finance Council:

1. Borrow money upon the credit of the state;
2. Contract any indebtedness on the credit of the state;
3. Issue bonds;
4. Acquire real estate;
5. Contract with a third party to construct or improve any institution or facility on state-owned property in any way;
6. Make expenditures for construction or improvement for any institutions or facilities in any way;
7. Pledge as collateral of any type any state-owned institution, facility or property;
8. Enter into an agreement or assignment in which the rent payments are pledged as collateral; or,
9. Enter into a municipal lease obligation.

No actions may be approved by the State Finance Council or the Legislature unless the agency has reviewed and evaluated the process on the selection of the parties involved with the State Building Advisory Commission and advised and consulted with the Joint Committee on State Building Construction. The State Finance Council would not have the authority to approve

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any action that is equal to or exceeds \$25.0 million. Actions that are equal to or exceed \$25.0 million could only be approved by the Legislature. The provisions would not apply to the Kansas Department of Transportation.

The Kansas Development Finance Authority would be required to submit a monthly report of its activities to the members of the State Finance Council and to the members of the Joint Committee on State Building Construction on or before the fifth day of each month. The bill would take effect upon its publication in the *Kansas Register*.

While agencies may need to pay greater attention to project timelines to account for the time needed to obtain specific authorization of the actions identified in the bill, HB 2703 is not expected to have a fiscal effect on future capital improvement or debt service projects that would have been approved otherwise.

The Kansas Development Finance Authority (K DFA) indicates providing monthly reports to the State Finance Council and the Joint Committee on State Building Construction would require the use of additional K DFA resources, but could be handled within the Authority's annual financial plan. K DFA notes that it is entirely funded by fee funds and does not receive any state appropriations. If agencies that have the ability to create corporate entities consider using other issuers in order to avoid the specific authorization requirements, K DFA may lose issuing opportunities and any associated revenue. Any fiscal effect associated with HB 2703 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
Bonnie Gauntt, K DFA