

May 6, 2016

The Honorable Mitch Holmes, Chairperson
Senate Committee on Ethics and Elections
Statehouse, Room 237-E
Topeka, Kansas 66612

Dear Senator Holmes:

SUBJECT: Fiscal Note for SB 516 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 516 is respectfully submitted to your committee.

SB 516 would prohibit the state or any municipality from entering into an agreement or contract valued at \$10,000 or more with a business entity if that business has made a monetary or in-kind contribution to any state or municipal candidate or office holder within 18 months immediately preceding the commencement of negotiations, during the term of office of the elected, or within 18 months immediately preceding the last day of the term of the elected. Prior to awarding of a contract, a business would be required to report all political contributions during the four preceding years to the Kansas Governmental Ethics Commission for review by the agency. The bill would define a business entity to include organizations as well as certain individuals.

The Department of Administration works with thousands of bidders, vendors, suppliers and manages over 3,500 contracts at any given time. Many contracts are larger than \$10,000 and would fall under provisions of SB 516 and would require an increase in agency oversight and an increase in agency expenditures. The Department indicates that enactment of SB 516 would require increased expenditures from the State General Fund totaling \$234,000 in FY 2017, including \$200,000 for salaries and wages for 4.00 additional administrative staff positions, \$15,000 for computers, desks and similar items, \$5,000 for remodeling current office space to make room for additional employees, \$2,000 for increased storage costs while an additional and \$2,000 for communication costs associated with new positions. A new multipurpose copier along with general office supplies would also be needed at a cost \$10,000. Of these expenses, a total of \$214,000 would be annual recurring expenses. The recurring expenses cover the cost of the new positions, storage, communication, copier maintenance and office supplies.

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The Kansas Association of Counties indicates that SB 516 would have a fiscal effect on counties, as counties would need to ensure contracts valued at \$10,000 or more would not violate provisions of SB 516. Additional staff time would be required to review these contracts to ensure compliance with the bill.

The Kansas Governmental Ethics Commission indicates that it cannot estimate the number of business entities and contracts that would be affected by SB 516, and cannot estimate a fiscal effect. Any fiscal effect associated with SB 516 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