

April 25, 2023

The Honorable Jeff Longbine, Chairperson
Senate Committee on Financial Institutions and Insurance
300 SW 10th Avenue, Room 546-S
Topeka, Kansas 66612

Dear Senator Longbine:

SUBJECT: Fiscal Note for SB 302 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 302 is respectfully submitted to your committee.

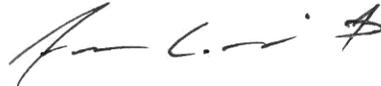
SB 302 would amend the Technology-Enabled Fiduciary Financial Institutions Act to suspend current technology-enabled fiduciary financial institutions from engaging in fidfin transactions, custodial services, and trust business in the state until the Legislature expressly consents to and approves such transactions. Within six months of the effective date of the Act, the Legislature would develop a request for proposal and solicit bids to hire an independent audit firm to conduct a forensic audit of all technology-enabled fiduciary financial institutions. The Kansas Bureau of Investigations would provide assistance and make recommendations to the Legislature regarding the request for proposal and awarding a contract for a forensic audit.

The scope of the audit would include examination of the initial \$1,000,000 fee the Beneficient Company paid to the Office of State Bank Commissioner and any campaign contributions made by a technology-enabled fiduciary financial institution or its director or officer during November 1, 2021, through December 31, 2021, as well as the company's source and nature of the company's cash, equity, securities, or other assets used to conduct business. The Governmental Ethics Commission would provide assistance to the independent audit firm regarding campaign contribution information.

Based on experience of contracting for forensic audits, the Legislature estimates contracting for a forensic audit could increase the legislature's FY 2024 costs between \$107,500 to \$995,000 from the State General Fund. Adjustments for inflation could increase the cost by 20.0 percent, up to \$1,194,000. The agency would also spend approximately \$120 from the SGF, within existing resources, to print the bill in the *Kansas Register*.

The Office of the State Bank Commissioner, the Kansas Bureau of Investigations, and the Governmental Ethics Commission indicate the bill would not have a fiscal effect. Any fiscal effect associated with SB 302 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Brock Roehler, Office of the State Bank Commissioner
Karen Clowers, Legislative Services
Paul Weisgerber, Kansas Bureau of Investigation
Mark Skoglund, Governmental Ethics Commission