

SESSION OF 2011

**CONFERENCE COMMITTEE REPORT BRIEF ON HOUSE
SUBSTITUTE FOR SENATE BILL NO. 154**

As Agreed to May 12, 2011

Brief*

House Sub. for SB 154 would replace the Kansas Bioscience Authority with the Kansas Department of Administration in that section of law giving authority to issue revenue bonds and to make expenditures from the proceeds of the bonds for the purpose of land acquisition, site preparation, fencing, central utility plant facility construction and improvements in anticipation of the construction of the National Bio and Agro Defense Facility (NBAF) at Kansas State University. The bill would add a provision predicating issuance of the bonds on approval by the State Finance Council.

Current law provides for the Bioscience Authority to issue appropriated revenue bonds and make expenditures from monies received from the issuance of said bonds for the purpose of a capital improvement project relating to site preparation NBAF.

The bill would add language adding \$65.0 million in bonding authority for the University of Kansas for the School of Engineering Project Phase Two, with debt service to be paid from special revenue funds of the university.

The bill would become effective upon publication in the *Kansas Register*.

* Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/klrd>

Conference Committee Action

The Conference Committee added \$65.0 million in bonding authority for the University of Kansas for the School of Engineering Project Phase Two, with debt service to be paid from special revenue funds of the university.

Background

The House Committee on Appropriations deleted the original provisions of SB 154 which dealt with allowing the Abstractor's Board of Examiners to increase annual fees and inserted the provisions from HB 2409.

The substitute bill replaces the Kansas Bioscience Authority with the Department of Administration in K.S.A 2010 Supp. 74-8963. Under current law, the Bioscience Authority retains the authority to issue revenue bonds and make expenditures from the proceeds of those bonds in the amount of \$105.0 million for the purpose of land acquisition, site preparation, fencing, central utility plant facility construction and improvements, in anticipation of the construction of the NBAF at Kansas State University.

In addition, the House Appropriations Committee included in the substitute bill a requirement for approval by the State Finance Council prior to the issuance of any revenue bonds for this project by the Department of Administration through the Kansas Development Finance Authority (KDFA). The provision also would allow the State Finance Council to meet during the legislative session for this purpose.

A representative of the Governor's Office spoke in support of the provisions of the substitute bill. The spokesperson indicated that the current investigation of the Bioscience Authority by the Johnson County District Attorney's Office coupled with the resignation of the agency President risked the appearance of impropriety on the part of Kansas in relation to the NBAF project. The interim President

and CEO of the Bioscience Authority testified neutrally to the substitute bill. The spokesperson indicated that Bioscience Authority occupied a central, but not exclusive, role in having the NBAF project located in Kansas and did not believe any actions taken by the Bioscience Authority would impact the project's progress.

The fiscal note for HB 2409, as introduced, indicated that the fiscal impact of administering the NBAF bonds could be absorbed within the Department of Administration's existing resources for bond administration. The fiscal note further indicated that \$74.7 million of the \$105.0 million authorized for the NBAF project remains to be issued. The fiscal note does not reflect changes to the bill subsequent to introduction of HB 2409.

Kansas Bioscience Authority; revenue bonds; NBADF; Engineering Project Phase Two