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Shawn Sullivan, Director of the Budget

Sam Brownback, Governor

January 26, 2017

The Honorable Troy Waymaster, Chairperson
House Committee on Appropriations
Statehouse, Room 111-N
Topeka, Kansas 66612

Dear Representative Waymaster:

Subject: Fiscal Note for HB 2161 by House Committee on Appropriations

This is to notify you that the Division of the Budget is preparing a fiscal note for the bill indicated above. This notice is to acknowledge that a hearing has been scheduled on the bill and to advise you of the status of the fiscal note in our continuing effort to provide useful and timely information on proposed legislation.

According to the *FY 2018 Governor's Budget Report*, the Governor recommends transferring $317.0 million from the Pooled Money Investment Board (PMIB) to the State General Fund to provide bridge funding in FY 2017. The PMIB will have the liquidity to make this loan from the state's idle fund balances if the Treasurer's Unclaimed Property (TUP) Fund at KPERS is sold and returned to the PMIB. The investment capital transferred to the TUP Fund over the years is a long-term investment and represents excess idle funds that the State Treasurer does not need to maintain the cash flow needs of the State Treasury. Despite the name, the TUP Fund should be viewed as a long-term investment fund for the state's idle funds and not as an unclaimed property fund. Selling off this portfolio at KPERS will generate an estimated $45.0 million in interest earnings for the State General Fund. The Governor recommends that the loan be paid with interest over the next seven years. The Governor includes $45.0 million in transfers to the PMIB for the bridge loan payments in both FY 2018 and FY 2019.

As soon as an official fiscal note is completed, it will be submitted to you for your continued deliberations. If you have questions or more detailed information is desired, please contact us.

Sincerely,

Shawn Sullivan,
Director of the Budget