

January 17, 2018

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

Dear Representative Waymaster:

SUBJECT: Fiscal Note for HB 2463 by House Committee on Transportation and Public Safety Budget

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2463 is respectfully submitted to your committee.

HB 2463 would prohibit the Department of Corrections from expending any funding to construct a correctional facility or to demolish the current correctional facility in Lansing, Kansas in both FY 2018 and FY 2019, without specific authorization from the Legislature. The bill would require the Department to issue a request for proposal for the design and construction of a correctional facility in Kansas. Prior to issuing the request, the Department would seek input from mental health providers, the Kansas Sentencing Commission, local communities interested in a correctional facility, and other stakeholders. The Department would be required to advise and consult with the Joint Committee on State Building Construction on a new correctional facility before issuing a request for proposal. The bill would take effect upon its publication in the *Kansas Register*.

According to the Department of Corrections, currently, the cost to construct a replacement Lansing Correctional Facility is budget neutral; however, the Department states that construction costs continue to escalate at 6.0 percent to 7.0 percent annually because of a tightening labor market and a rise in material shortages because of recent natural disasters. The Department indicates that with a 6.0 percent escalation, a one-year delay would cost over \$21.0 million over 20 years. At a 7.0 percent escalation, a one-year delay would cost over \$25.0 million and the project would no longer be budget neutral. The Department states the above estimates do not consider anticipated interest rate increases over the next year, further increasing the cost beyond the point where the Department would be able to finance the project within existing resources.

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Any fiscal effect associated with HB 2463 is not reflected in *The FY 2019 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: Linda Kelly, Corrections
Scott Schultz, Sentencing Commission
Bonnie Gauntt, K DFA