

February 26, 2020

The Honorable Will Carpenter, Chairperson  
House Committee on Social Services Budget  
Statehouse, Room 521B-E  
Topeka, Kansas 66612

Dear Representative Carpenter:

SUBJECT: Fiscal Note for HB 2610 by Representatives Pittman, Croft, Ellis and Weigel

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2610 is respectfully submitted to your committee.

HB 2610 would authorize the Kansas Development Finance Authority to issue bonds of up to \$17.5 million to finance the construction of a state veterans home facility located in Douglas, Jefferson, Leavenworth, Shawnee, or Wyandotte county. Proceeds of the bonds would constitute the state's required 35.0 percent match of the U.S. Department of Veteran Affairs State Veterans Home Construction Grant Program. The maturity date on the bonds could not exceed 20 years from the date of issuance. The debt service for the bonds could be paid from the State General Fund or any appropriate special revenue fund or funds.

The Kansas Commission on Veterans Affairs Office estimates that bond proceeds of \$17.5 million would allow it to obtain \$32.5 million, or a 65.0 percent match, in federal funds for total resources of \$50.0 million for a new state veterans home facility. The Kansas Development Finance Authority estimates debt service on the bonds could range from \$1.1 million based on a market rate of 2.5 percent to \$1.2 million based on a historical rate of 3.5 percent. While the bill would become effective on the first day of FY 2021, it is unknown if the bonds would be issued, federal funds would be received, and construction would begin in FY 2021.

The Department of Administration indicates that any professional service, architectural, bidding or construction administration costs the Department might incur from the project would be recouped through internal service charges. Any agency costs associated with the issuance of the bonds could be handled within existing resources. Any fiscal effect associated with HB 2610 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,



Larry L. Campbell  
Director of the Budget

cc: Luke Drury, Veterans Affairs  
Jeff Scannell, Department of Administration