

March 17, 2020

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

Dear Representative Waymaster:

SUBJECT: Fiscal Note for HB 2736 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2736 is respectfully submitted to your committee.

HB 2736 would authorize the Department of Administration, in consultation with the Kansas Department of Health and Environment (KDHE), to issue bonds by the Kansas Development Finance Authority (KDFFA) to construct and equip a KDHE laboratory on parking lot number four of the Capitol Complex in Topeka. The aggregate principal from the bond issuance could not exceed \$56,276,755, plus all amounts required for costs of bond issuance, costs of interests on the bonds during construction of the laboratory, credit enhancement costs, and any required reserves for payment of principal and interest of the bonds. The debt service for the bonds would be financed by appropriations from the State General Fund or any appropriate special revenue fund or funds.

The KDHE laboratory and real estate located at Forbes Field in Topeka would be designated as state surplus real estate and sold as specified in current law. The bill would take effect upon its publication in the *Kansas Register*.

The Department of Administration states the bond amount for the KDHE laboratory would cover the cost of professional design services, construction, and project management. The Department indicates repayment of bonds would be paid through appropriations from the State General Fund or from a special revenue fund or funds and on-going building operational costs would be collected by the Department through rent charged to KDHE. The Department also indicates it would receive 20.0 percent of the proceeds after expenses resulting from the sale of the KDHE laboratory. The Department estimates it would need an additional 4.00 FTE positions in future fiscal years for custodial operations at the KDHE laboratory. The Department estimates additional expenditures of \$178,500 for the positions. The additional funding would come from rent charged to KDHE.

KDFA estimates the debt service for the KDHE laboratory would be approximately \$3.8 million a year. This amount is based on a 20-year amortization. KDFA notes that the actual debt service amounts would be based on the financial choices of the state and interest rates.

KDHE indicates enactment of the bill would require additional State General Fund expenditures of \$85,000 in both FY 2021 and FY 2022 for a temporary contractual staff member who would be responsible for the oversight of the project. Any fiscal effect associated with HB 2736 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink that reads "L. L. Campbell". The signature is written in a cursive style with a large initial "L" and a smaller "L" and "C" following.

Larry L. Campbell
Director of the Budget

cc: Jeff Scannell, Department of Administration
Dan Thimmesch, Health & Environment
Bonnie Hawkins, KDFA