

SESSION OF 2021

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2021

As Recommended by House Committee on
Appropriations

Brief*

HB 2021 would authorize the Kansas Development Finance Authority (KDFA), on and after July 1, 2021, to issue bonds, not to exceed \$17.5 million, for the purpose of financing the construction of a state veterans home facility located in Douglas, Jefferson, Leavenworth, Shawnee, or Wyandotte county.

The proceeds from the sale of any bonds, other than refunding bonds, would constitute the State's required 35.0 percent match for the U.S. Department of Veterans Affairs State Veterans Home Construction Grant Program.

The maturity date on the bonds could not be later than 20 years from the date of original issuance. The debt service for the bonds could be paid from the State General Fund or any appropriate special revenue fund or funds.

The bill would state any obligation of the state or the Department of Administration for payment of debt service on bonds issued shall not be considered a debt or obligation of the State for the purpose of Section 6 of Article 11 of the *Kansas Constitution* (state debts).

The Secretary of Administration would be required to enter into pledge agreements with the KDFA to pledge moneys for the payment of bonds; the pledge would be subject to appropriations.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Background

The bill was prefiled for introduction on December 31, 2020, at the request of Representatives Proctor, Croft, Ellis, French, T. Johnson, and Neelly.

[*Note:* HB 2021 contains provisions similar to those of 2020 HB 2610, SB 478, and SB 480.]

House Committee on Appropriations

At the House Committee hearing on the bill on January 27, 2021, **proponent** testimony was provided by Representative Proctor, Representative Croft, a representative of the Kansas Commission on Veterans' Affairs Office, a former State Commander of the Kansas Veterans of Foreign Wars, a representative of Point Man Kansas, and a private citizen.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, it is estimated the annual debt service on the bonds could range from \$1.1 million to \$1.2 million. While the bill's effective date would be the first day of FY 2022, it is unknown whether the bonds would be issued, federal funds would be received, and construction would begin in FY 2022. A new veterans' home facility would likely require an obligation from the State General Fund for operating expenditures.

The Department of Administration (Department) indicates any professional services, 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 the bill is not reflected in *The FY 2022 Governor's Budget Report*.

Veterans; Kansas Development Finance Authority; bonds; construction