

March 7, 2011

The Honorable Marc Rhoades, Chairperson
House Committee on Appropriations
Statehouse, Room 351-S
Topeka, Kansas 66612

Dear Representative Rhoades:

SUBJECT: Fiscal Note for HB 2368 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2368 is respectfully submitted to your committee.

Current law provides for the deposit of 20.0 percent of certain fee revenue up to a maximum of \$200,000 to the State General Fund. This deposit of money to the State General Fund was established by the Legislature in order to provide a means of covering the costs to provide accounting, auditing, budgeting, legal, payroll, personnel and purchasing services and any and all other state governmental services performed on behalf of the state agencies. HB 236 would repeal this provision for many fee funds in the state treasury. The provision of the bill relating to the Veterinary Examiners Fee Fund provides that the entire amount of fees, charges or penalties are to be deposited in the State General Fund, rather than the fee fund. For purposes of this fiscal note, it is assumed this is a drafting error and that the opposite was intended so that all receipts are deposited in the fee fund.

HB 2368 would authorize any state agency, board or commission to enter into contracts with the Department of Administration, another state agency, or a private vendor for accounting, auditing, budgeting, legal, payroll, personnel and purchasing services, and any other services that are currently provided by other state agencies or on behalf of the state agency which receives appropriations from the State General Fund to provide such services.

Estimated State Fiscal Effect				
	FY 2011 SGF	FY 2011 All Funds	FY 2012 SGF	FY 2012 All Funds
Revenue	--	--	(\$3,447,099)	--
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

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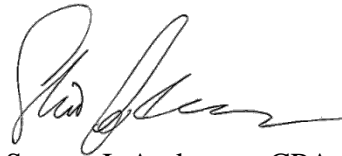
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Using revenue projections for the funds affected by the bill, HB 2368 would reduce projected State General Fund revenues by \$3.4 million in FY 2012 and by similar amounts in future years. The revenues would instead be deposited in the special revenue funds. An attachment to this fiscal note details the effect on each fund and the loss to the State General Fund for FY 2012.

HB 2368 would not necessarily have an effect on agency expenditures from the special revenue funds gaining additional income. Although the funds would have additional resources made available, the agencies would have to request additional expenditure authority through the budget process. Approximately \$3.4 million in expenditure reductions would be needed to offset the reduction in available revenue in FY 2012 and beyond.

The language in the first section of the bill related to contracting with the Department of Administration would have seemingly no effect on the Department. Agencies would still have to process payments and receipts through the state's accounting system within the state treasury, submit budget requests to the Division of the Budget, comply with requirements of the Civil Service Act, and follow all other statutory and regulatory requirements of an administrative nature imposed on all state agencies. Any fiscal effect associated with HB 2368 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

Steven J. Anderson, CPA, MBA
Director of the Budget