

February 21, 2022

The Honorable Troy Waymaster, Chairperson
House Committee on Appropriations
Statehouse, Room 112-N
Topeka, Kansas 66612

Dear Representative Waymaster:

SUBJECT: Fiscal Note for HB 2589 by House Committee on Appropriations

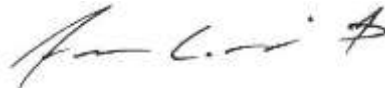
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2589 is respectfully submitted to your committee.

HB 2589 specifies that on the effective date of the bill, the approval by the State Finance Council pursuant to State Finance Council Resolution No. 21-740 for the renovation of the Docking State Office Building would be declared null and void and would have no force or effect. Also, the bill would specify that on the effective date of the bill, the authority to issue bonds for renovation of the Docking State Office Building granted pursuant to Section 61 of Chapter 116 of the *2021 Session Laws of Kansas* would be declared null and void and would have no force or effect. The bill would take effect upon its publication in the *Kansas Register*.

The Department of Administration indicates the Department and the Office of Recovery have estimated that up to 50.0 percent of the \$120.0 million total cost of the Docking State Office Building renovation could be paid with federal funding from the American Rescue Plan Act (ARPA). If that opportunity were to be lost because of the timing of construction, the Department estimates it could cost the state up to \$60.0 million in ARPA funding. The Department states the *The FY 2023 Governor's Budget Report* recommends a \$120.0 million State General Fund appropriation in FY 2023 for the Docking State Office Building renovation and both the Department and the Kansas Development Finance Authority (KDFA) estimate if the project were bonded, the bond interest would be nearly \$25.0 million for a 20-year bond or \$47.0 million for a 30-year bond. The Department also indicates the current construction schedule would be complete before the 2025 deadline for APRA expenditures and any delay to the construction schedule would remove the Docking State Office Building renovation project from eligibility for ARPA funding.

KDFA states it would lose its insurance revenue associated with a debt financing but would experience no associated costs of issuance. KDFA indicates if the state pays cash for the Docking State Office Building renovation, the state would experience savings from the long-term interest costs associated with debt financing.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Bonnie Hawkins, KDFA
Celeste Chaney-Tucker, Department of Administration