

SESSION OF 2022

SUPPLEMENTAL NOTE ON SENATE BILL NO. 443

As Recommended by Senate Committee on
Ways and Means

Brief*

SB 443 would appropriate \$332.2 million from the State General Fund (SGF) to the Department of Administration in FY 2022 to pay off the remaining balance of two series of callable bonds ahead of the final maturity dates in FY 2035. Of that amount, \$160.5 million would be applied to redemption of Kansas Development Finance Authority (KDFA) **Series 2015A** bonds, including \$27.8 million for the debt service principal payment for FY 2023 and \$132.7 million for the remaining balance. Series 2015A includes four refunding bonds as well as bonds related to debt service for the John Redmond Reservoir and a University of Kansas Medical Center education building. Additionally, \$171.8 million would be applied to **Series 2015G** bonds, including \$17.4 million for the debt service principal payment for FY 2023 and \$154.3 million for the remaining balance. Series 2015G includes the State's portion of the National Bio and Agro-Defense Facility.

The bill would be in effect upon publication in the *Kansas Register*.

Background

The bill was introduced by the Senate Committee on Ways and Means at the request of Senator Claeys.

Series 2015A was adopted on February 5, 2015, in an aggregate principal amount of \$230.5 million. These bonds

*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>

were issued to (1) finance a portion of expenditures for the construction of a health education building on the University of Kansas Medical Center campus, (2) finance the costs of dredging and other water infrastructure improvements at the John Redmond Reservoir in Coffey County, and (3) refund four previously issued bonds. The final maturity date on these bonds is in FY 2035 and the next redemption date is May 1, 2023.

Series 2015G was adopted on March 25, 2015, in an aggregate amount of \$232.5 million, including \$28.9 million for the reoffering premium. These bonds were issued to finance a portion of capital improvements for the National Bio and Agro-Defense Facility at the Kansas State University campus in Manhattan, Kansas. The facility is being constructed by the U.S. Department of Homeland Security and will be a biosafety level-4 laboratory to study animal diseases. The final maturity date on these bonds is in FY 2035 and the next redemption date is April 1, 2023.

Senate Committee on Ways and Means

In the Senate Committee hearing on February 15, 2022, a representative from the Kansas Legislative Research Department provided a summary of the bill and noted the savings in debt service expenditures that would result from enactment of the bill. The representative also indicated the effects of the bill are currently included in Department of Administration's budget as recommended in *The Governor's Budget Report*.

In response to a question from the Committee, a representative of KDFA indicated almost all of the coupons on the two bonds have a rate of 5.0 percent.

No testimony was provided.

Bonds; debt service