

January 20, 2021

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

Dear Representative Waymaster:

SUBJECT: Fiscal Note for HB 2021 by Representatives Proctor, Croft, Ellis, French,
T. Johnson and Neelly

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2021 is respectfully submitted to your committee.

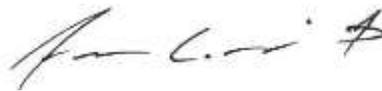
HB 2021 would authorize the Kansas Development Finance Authority to issue bonds of up to \$17.5 million to finance the construction of a state veterans home facility located in Douglas, Jefferson, Leavenworth, Shawnee or Wyandotte county. Proceeds of the bonds would constitute the state's required 35.0 percent match of the U.S. Department of Veteran Affairs State Veterans Home Construction Grant Program. The maturity date on the bonds could not exceed 20 years from the date of issuance. The debt service for the bonds could be paid from the State General Fund or any appropriate special revenue fund or funds.

The Kansas Commission on Veterans Affairs Office estimates that bond proceeds of \$17.5 million would allow it to obtain \$32.5 million, or a 65.0 percent match, in federal funds for total resources of \$50.0 million for a new state veterans home facility. It is estimated that annual debt service on the bonds could range from \$1.1 million to \$1.2 million. While the bill would become effective on the first day of FY 2022, it is unknown if the bonds would be issued, federal funds would be received, and construction would begin in FY 2022.

The Department of Administration indicates that any professional service, 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.

While the design of the new veterans' home facility is not yet known, it is likely that a new veterans home facility would require an obligation from the State General Fund for operating expenditures. For example, total expenditures for both existing veterans homes, the Kansas Soldiers Home and Kansas Veterans Home, have averaged \$18.2 million from all funds, including \$2.8 million from the State General Fund, over the previous five fiscal years (FY 2016 to FY 2020). Any fiscal effect associated with HB 2021 is not reflected in *The FY 2022 Governor's Budget Report*.

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: Luke Drury, Veterans Affairs
Jeff Scannell, Department of Administration