February 17, 2021

The Honorable Jeff Longbine, Chairperson
Senate Committee on Financial Institutions
Statehouse, Room 235A-E
Topeka, Kansas 66612

Dear Senator Longbine:

SUBJECT: Fiscal Note for SB 245 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 245 is respectfully submitted to your committee.

SB 245 would create the Kansas Grid Resiliency, Innovation and Dependability Act. The bill would give the Kansas Corporation Commission the authority to oversee and authorize the issuance of ratepayer-backed securitized bonds in order to finance property that is currently included in the rate base of an investor-owned utility in the state.

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<th>Estimated State Fiscal Effect</th>
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<td>Revenue</td>
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The Kansas Corporation Commission indicates that enactment of SB 245 would result in expenditures of $250,000 per case for outside consulting and legal fees that would be necessary to review an application and meet the statutory standards set out in the bill. These expenditures would be paid for from the financing costs that would be included in the bonds and the costs would be ongoing. The agency estimates that there would be no more than two or three cases over a five-
to ten-year period. Any fiscal effect associated with SB 245 is not reflected in The FY 2022 Governor’s Budget Report.

According to the Kansas Association of Counties, enactment of SB 245 could have some fiscal effect on counties that have public utilities; however, the Association is unable to estimate what that effect might be. The League of Kansas Municipalities indicates that enactment of the bill would not have a fiscal effect on the cities of Kansas. Cities set their own property tax based on the amount of taxes needed to fund city operations and any change in valuations shifts taxes from one class to another class of property owners.

Sincerely,

[Signature]

Adam Proffitt
Director of the Budget

cc: Jake Fisher, KCC
    Wendi Stark, League of Municipalities
    Jay Hall, Association of Counties