

SESSION OF 2021

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2021

As Amended by Senate Committee on Ways
and Means

Brief*

HB 2021, as amended, would authorize the Kansas Development Finance Authority (KDFA), on and after July 1, 2021, to issue bonds, not to exceed \$10.5 million, for the purpose of financing the construction of a state veterans home facility located in northeast Kansas, including, but not limited to, in Douglas, Jefferson, Leavenworth, Shawnee, and Wyandotte counties.

The proceeds from the sale of any bonds, other than refunding bonds, would constitute the State's required 35.0 percent match for the U.S. Department of Veterans Affairs State Veterans Home Construction Grant Program.

The maturity date on the bonds could not be later than 20 years from the date of original issuance. The debt service for the bonds could be paid from the State General Fund or any appropriate special revenue fund or funds.

The bill would state any obligation of the State or the Department of Administration for payment of debt service on bonds issued shall not be considered a debt or obligation of the State for the purpose of Section 6 of Article 11 of the *Kansas Constitution* (state debts).

The bill would require the KDFA and the State Finance Council to approve the issuance of any bonds for this purpose. State Finance Council approval would be

*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>

characterized as a matter of legislative delegation and could be given when the Legislature is in session.

The Secretary of Administration would be required to enter into pledge agreements with the KDFA to pledge moneys for the payment of bonds; the pledge would be subject to appropriations.

Background

The bill was prefiled for introduction on December 31, 2020, at the request of Representatives Proctor, Croft, Ellis, French, Timothy Johnson, and Neelly.

[*Note:* HB 2021 contains provisions similar to those of 2021 SB 110, 2020 HB 2610, 2020 SB 478, and 2020 SB 480.]

House Committee on Appropriations

In the House Committee hearing on January 27, 2021, **proponent** testimony was provided by Representative Proctor, Representative Croft, the Director of the Kansas Commission on Veterans' Affairs Office, a former State Commander of the Kansas Veterans of Foreign Wars, a representative of Point Man Kansas, and a private citizen.

No other testimony was provided.

House Committee of the Whole

The House Committee of the Whole amended the bill to decrease the bonding limitation for the purpose of financing the construction of a state veterans home facility from \$17.5 million to \$10.5 million.

Senate Committee on Ways and Means

In the Senate Committee hearing on March 25, 2021, **proponent** testimony was provided by Representative Croft, Senator Pittman, Representative Proctor, the Director of the Kansas Commission on Veterans' Affairs Office, and a representative from the Enlisted Association of the National Guard of Kansas. Written-only **proponent** testimony was provided by Representative Timothy Johnson, a representative of the Kaw Valley Chapter of the Military Officers Association of America, and two private citizens.

No other testimony was provided.

The Senate Committee amended the bill to allow all of northeast Kansas, including but not limited to the five counties originally listed in the bill, to be considered for the location of the proposed veterans home.

The Senate Committee amended the bill to require State Finance Council approval prior to the issuance of bonds for the purposes of the bill.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the estimated annual debt service on the bonds could range from \$1.1 million to \$1.2 million. While the bill's effective date would be the first day of FY 2022, it is unknown whether the bonds would be issued, federal funds would be received, and construction would begin in FY 2022. A new veterans' home facility would likely require an obligation from the State General Fund for operating expenditures.

The Department of Administration (Department) indicates any professional services, 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.

Any fiscal effect associated with the bill is not reflected in *The FY 2022 Governor's Budget Report*.

Veterans; Kansas Development Finance Authority; bonds; construction