April 20, 2023

The Honorable Rick Billinger, Chairperson
Senate Committee on Ways and Means
300 SW 10th Avenue, Room 548-S
Topeka, Kansas  66612

Dear Senator Billinger:

SUBJECT:  Fiscal Note for SB 324 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 324 is respectfully submitted to your committee.

SB 324 would create the Legislative Help Grant Fund (LHGF), which would be administered by the State Treasurer. Expenditures from the fund would be used to provide Help Counties Grants, State Representative Help Grants, and State Senator Help Grants. Only July 1, 2023, the bill would require the Director of Accounts and Reports to transfer $400.0 million from the State General Fund to the LHGF. All grants that would be provided could only be used for one-time infrastructure or capital projects in the budget where property tax is customarily used. No grants could be used for salaries, wages, benefits, or other ongoing or recurring costs, including utilities, bonds payments, or lease payments.

For Help Counties Grants, the State Treasurer would assist furnishing grant applications to any county that provides certification to the agency that it has complied with the provisions of state law for a revenue neutral rate budget for the ensuing budget year. The Department of Administration would verify a county’s compliance with the provisions of the revenue neutral rate budget and would certify the compliance with the State Treasurer.

Once a Help Counties Grant application is received, the State Treasurer would notify all members of the Legislature that represent the applying county and provide acknowledgment forms to the members. The members would sign an acknowledgement of the grant and the use of the funds. Upon the receipt of the forms, the State Treasurer would fund the grants from the LHGF. The bill would limit the aggregate of grants to each county as follows: $100,000 for counties with a population of less than 10,000; $200,000 for counties with a population of 10,000 to 49,999; $500,000 for counties with a population of 50,0000 to 499,999; and $3.0 million for counties with a population of 500,000 or more.
For State Representative Help Grants, the State Treasurer would make available $125,000 from the LHGF for every state representative district in which any city or county has adopted a revenue neutral rate budget for the ensuing budget year. The application process would be similar to the Help Counties Grant process.

For State Senator Help Grants, the State Treasurer would make available $500,000 for each state senate district in which any city or county has adopted a revenue neutral rate budget for the ensuing budget year. The application process would be similar to the Help Counties Grant process.

The enactment of SB 324 would transfer $400.0 million to the LHGF in the State Treasury on July 1, 2023, or as soon as funds are available. The Division of the Budget notes that for the agency to spend funds from the LHGF, the fund would need to be included in an appropriations bill by the Legislature. The amount of grants that would be awarded to local governments in any one year would depend on the number of applications from qualified governments that have complied with the revenue neutral rate budget, as certified by the Department of Administration.

The State Treasurer indicates that it would require an additional 1.00 FTE position to manage the new program, along with expenditures totaling $93,000. This estimate would include $90,000 for salaries and wages (including fringe benefits), and $3,000 for computer equipment and software licensing. Duties of the new position would include coordination with grant applications, as well as the Department of Administration, to process and disburse the grant funds. The Division of the Budget notes that the bill does not specifically authorize administrative costs from the LHGF, and it would be likely that the agency would require an appropriation from the State General Fund to cover its additional administrative costs.

The Department of Administration indicates that the Office of Accounts and Reports would verify to the State Treasurer information from the Revenue Neutral Rate Summary Report, which is compiled by the Office from information prepared by county clerks. The agency would note that other than reviews for reasonableness and completeness, this information is not further audited by the Office. The Department would require no additional fiscal resources to implement its provisions of SB 324, as long as providing the Revenue Neutral Rate Summary Report to the State Treasurer would meet certification requirements. Any fiscal effect associated with SB 324 is not reflected in The FY 2024 Governor’s Budget Report.

Sincerely,

Adam Proffitt
Director of the Budget

cc: John Hedges, Office of the State Treasurer
Tamara Emery, Department of Administration
Wendi Stark, League of Kansas Municipalities
Jay Hall, Kansas Association of Counties