

April 12, 2011

The Honorable Steve Brunk, Chairperson
House Committee on Federal and State Affairs
Statehouse, Room 149-S
Topeka, Kansas 66612

Dear Representative Brunk:

SUBJECT: Fiscal Note for HB 2380 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2380 is respectfully submitted to your committee.

Under current law, net profits from the sale of the Veterans Benefit Lottery Game tickets are deposited in the state treasury, and 40.0 percent are to be used for Kansas National Guard scholarships; 30.0 percent to benefit the Kansas Veterans Home, the Kansas Soldiers Home, and the State Veterans Cemetery System; and 30.0 percent for the Veterans Enhanced Service Delivery Program. HB 2380 would require that 40.0 percent of the net profits be transferred to the Veterans Benefit Lottery Game Fund, which would be a new fund administered by Kansas Commission on Veterans Affairs (KCVA), and 60.0 percent of the net profits be transferred to the National Guard Benefit Lottery Game Fund, which would be a new fund administered by the Kansas Adjutant General's Department. The monies in the Veterans Benefit Lottery Game Fund would be used for two purposes: 50.0 percent would be used to benefit the Kansas Veterans Home, Kansas Soldiers Home, and the State Veterans Cemetery System; and 50.0 percent would be used for the Veterans Enhanced Service Delivery Program. The National Guard Benefit Lottery Game Fund would primarily be used for scholarships for members of the Kansas Army National Guard and Kansas Air National Guard and their families, but could also be used for other purposes directly benefiting members of the Kansas Army National Guard and Kansas Air National Guard and their families.

The Kansas Lottery indicates HB 2380 would have no fiscal effect on its operations or the total amount of revenue that is generated from the Veterans Benefit Lottery Game. The bill would change the distribution of net proceeds beginning in FY 2012. The Kansas Lottery estimates that it will sell \$4.0 million in Veterans Benefit Lottery Game tickets in FY 2012, which will allow it to transfer \$1.2 million in net profits. The following table details how FY 2012 net profits from the Veterans Benefit Lottery Game would be distributed under current law and with the changes that are proposed in HB 2380:

The Honorable Steve Brunk, Chairperson

April 12, 2011

Page 2—Fisc_Note_Hb2380

<u>Distribution of Veterans Benefit Lottery Game Net Profits</u>	<u>Current Law</u>	<u>HB 2380</u>
Board of Regents - National Guard Scholarships	\$ 480,000	\$ --
KCVA - Kansas Veterans Home, Kansas Soldiers Home, & State Veterans Cemetery System	360,000	240,000
KCVA - Veterans Enhanced Service Delivery Program	360,000	240,000
Adjutant General - National Guard Scholarships	--	720,000
Total	<u>\$1,200,000</u>	<u>\$1,200,000</u>

Currently, the proceeds from the sale of the Veterans Lottery Benefit Game are deposited in the State General Fund and appropriated to the KCVA and the Board of Regents. HB 2380 would cause the proceeds to bypass the State General Fund and be deposited directly in the newly created funds. The monies intended for scholarships for members of the Kansas Army National Guard and Kansas Air National Guard and their families would be deposited in a fund in the Adjutant General's Department, rather than in a Kansas Board of Regents fund. The expectation on the part of the Adjutant General's Department and the Board of Regents is that these monies would then be transferred to the Board of Regents. If that were the case, there would be no additional expense for either agency. If, however, the scholarships were to be administered by the Adjutant General's Department, the responsibilities of the Department would increase. While the Department is not able to provide an estimate of increased expenditures, it states that the cost of implementing procedures and issuing and accounting for scholarship funds would be substantial. While the Board of Regents does not predict any decrease in expenditures related to passage of this bill, because the agency would no longer be administering the program, it is expected that its expenses would decrease somewhat. The bill would increase funding available for veterans scholarships by a net total of \$240,000. Specifically, funding for the Adjutant General's Department would increase by an estimated \$720,000 in FY 2012, and funding for the Board of Regents would decrease by an estimated \$480,000.

The KCVA indicates that passage of HB 2380 would reduce funding for veterans programs by a total of \$240,000 in FY 2012. The bill would eliminate \$720,000 in funding from the State General Fund, which would be partially offset by providing \$480,000 in funding from the newly created Veterans Benefit Lottery Game Fund. The agency estimates that this reduction would result in the elimination of 4.00 FTE positions and would reduce the services available through the Veterans Enhanced Service Delivery Program. Any fiscal effect associated with passage of HB 2380 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Stephen Durrell, Lottery
Diane Duffy, Board of Regents

Kafer Peele, Veterans Affairs
Janice Harper, Adjutant General