

February 28, 2011

The Honorable Carolyn McGinn, Chairperson  
Senate Committee on Ways and Means  
Statehouse, Room 545-S  
Topeka, Kansas 66612

Dear Senator McGinn:

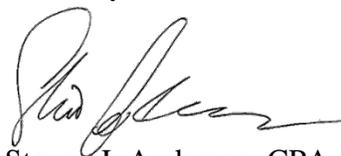
SUBJECT: Fiscal Note for SB 113 by Senator Steineger

In accordance with KSA 75-3715a, the following fiscal note concerning SB 113 is respectfully submitted to your committee.

SB 113 would authorize the University of Kansas Hospital Authority, on behalf of the State of Kansas, to sell and convey all the rights, title and interest in the tracts of real estate, and any improvements thereon which the state owns and which is commonly known as the University of Kansas Hospital. The selling price must be at least \$600.0 million. Any conveyance to a buyer would be conditioned upon a binding agreement with the buyer assuming responsibility for liabilities, debts and duties of the hospital pursuant to contracts, agreements and leases for commodities, services and supplies, claims related to the employment relationship between employees of the Hospital Authority and other state provisions. Upon the sale of the hospital, the University of Kansas Medical Center would be known as the Kansas Life Sciences Research Center.

If SB 113 were enacted and a buyer is found for the hospital, the state would receive the selling price. Hospital officials note that the passage of bill would not change hospital expenditures or revenues; however, there would be significant financial consequences to the state. The hospital is a major funding source for the KU School of Medicine and provides millions of dollars in uncompensated care. The University of Kansas notes that SB 113 would require the buyer to honor all existing contracts, including those with the KU Medical Center; therefore the passage of the bill would have no fiscal effect on the daily operations of the Center. However, it cannot be predicted what would happen when the time comes to renegotiate the contracts. Any fiscal effect associated with SB 113 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,



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

cc: Diane Duffy, Board of Regents  
Theresa Gordzica, University of Kansas