

SESSION OF 2007

SUPPLEMENTAL NOTE ON SENATE BILL NO. 193

As Amended by Senate Committee on
Commerce

Brief*

SB 193 would require the Kansas Department of Administration and the Kansas Development Finance Authority (KDFA) to jointly conduct an affordability report each year to assist the Governor and the Legislature in setting priorities among capital projects and related appropriations. The report would be presented to the KDFA Board of Directors, the President of the Senate, the Speaker of the House of Representatives, and the chairpersons of the Senate Committee on Ways and Means and the House Committee on Appropriations by December 15 each year. The report would provide a framework for the Legislature to evaluate and establish priorities for additional state debt. The bill also would specify what is to be included in the report and the report would be updated upon completion of the revenue estimates prepared in connection with the legislative session.

The bill also declares that it is the public policy of the state to encourage fiscal responsibility with respect to matters pertaining to borrowing of money for the state and state agencies. Also included in the bill is the statement that the Legislature declares that it is the policy of this state to exercise prudence in undertaking the authorization and issuance of bonds and notes for the benefit of the state and state agencies.

*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>

Background

The original bill was based upon a Florida statute which allows for general obligation debt. The Secretary of Administration, President of KDFA, and representatives of Americans for Prosperity and the Kansas Taxpayers Network appeared as proponents for the bill.

The Senate Committee amended the bill to delete all references and requirements to general obligation debt; and to narrow the focus of the report to state and state agencies bonds. In addition, the language regarding the limits to the amount of debt to be issued by the Legislature were deleted from the bill.

The fiscal note makes the following findings:

KDFA indicates that SB 193 would increase the organization's responsibilities by requiring a new research and analysis project each year. KDFA indicates that current agency staff could manage the work within its area of expertise. The Division of the Budget would work with KDFA to provide information about agency requests for debt-financed projects and the current State General Fund receipt estimates, as they are updated. As a point of reference, within the Governor's proposed budget for FY 2008, the bonded indebtedness financed with State General monies totals \$67.8 million. Relative to the total State General Fund revenues of \$5,687,213,000, this constitutes a debt ratio of 1.2 percent. The fiscal note does not make a similar projection about all funds and debt.