

REVISED
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**SUPPLEMENTAL NOTE ON
SENATE SUBSTITUTE FOR HOUSE BILL NO. 2001**

As Recommended by Senate Committee on
Ways and Means

Brief*

Senate Sub. for HB 2001 would authorize the issuance of up to a net of \$105.0 million in revenue bonds for the purpose of supporting a capital improvement project relating to a National Bio and Agro Defense Facility (NBAF). The bill would require the Kansas Bioscience Authority to approve any such capital improvement project, including infrastructure related improvements, such as electrical, heating and cooling in a central utility plant, prior to the issuance of any bonds by the Kansas Development Finance Authority. The Kansas Bioscience Authority would receive the net proceeds from bond sales for making expenditures in support of the capital improvement project.

The bill would require that debt service shall be financed by the State General Fund or any other appropriate special revenue fund or funds, subject to appropriation by the Legislature. The term for debt service shall not exceed 20 years from the date of issuance. No debt service payments would be required prior to July 1, 2009. The bill would be effective July 1, 2008.

The bill would require the Department of Administration to be responsible for budgeting the payment of principal and interest on the bonds, subject to legislative appropriation of moneys for debt payments. The bill would provide that neither the state nor the Department of Administration shall have the

*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>

power to pledge the full faith and credit or taxing power of the state for debt service. Likewise, an obligation of debt service on the bonds shall not be considered a debt or obligation of the state for the purpose of Section 6 of Article 11 of the *Kansas Constitution*.

Background

Kansas is one of six finalists in the nation for being selected as the site for the new NBAF. The proposed site for locating the National Bio and Agro-Defense Facility (NBAF) is on the campus of Kansas State University, immediately adjacent to the Biosecurity Research Institute (BRI). The bonds would fund projects including land acquisition, road grading, parking, security fencing, and a dedicated central utility plant – which is standard for bio-containment laboratories. The U.S. Department of Homeland Security estimated that the cost for infrastructure improvements to build the NBAF in Kansas would be up to \$105.0 million.

The Kansas Development Finance Authority (KDFA) is an instrumentality of the state that is statutorily delegated power to issue bonds for projects approved by the Legislature. HB 2974 would constitute the authorization for issuance of \$105.0 million in bonds for the Bioscience Authority to assist in the construction of a National Bio and Agro Defense Facility in Kansas, subject to the requirements specified in the bill. The Legislature would be responsible for appropriating necessary funding for debt service from the State General Fund or any suitable funding source under provisions of the bill.

The Senate Committee amended the contents of SB 688 into HB 2001.

The original HB 2001, as amended by House Committee of the Whole, would have amended existing law concerning battery against a mental health employee and concerning the rights and rules of conduct applicable to sexually violent predators committed to a treatment facility.

There were no proponents or opponents for the bill.

The original contents of HB 2001 would have statutorily, instead of by rules and regulations, outline the rights of patients defined in the bill as mentally ill or a sexually violent predator.

The fiscal note on HB 2001, as introduced, indicated that Social and Rehabilitation Services (SRS) expected minimal or no savings from passage of the bill, as drafted. Passage of the original HB 2001 would have allowed the Secretary of SRS to pursue payments from anyone legally responsible to support the offender, including any trusts or estates. Nearly all offenders in the program have no assets and have no one outside the institution who is legally responsible for their support. With regard to savings from the costs of an offender being ordered to court, those also were expected to be minimal or non-existent, since by the time offenders are committed to the Sexual Predator Treatment Program, they have already been incarcerated and seldom have any additional court hearings they are required to attend. In the case of offenders who would be unable to re-offend, the agency did not believe it had any offenders who would meet the physiological requirements of the bill.

According to the Office of the Attorney General, under the original bill, the limitation of rights for persons who are civilly committed as sexually violent predators could result in increased litigation costs for the agency because of additional court cases being filed. The agency was unable to estimate the amount of these increased costs, however. Any fiscal effect resulting from the passage of this bill as introduced would have been in addition to amounts included in *The FY 2009 Governor's Budget Report*.

The fiscal note for Senate Sub. for HB 2001 is based on information that a representative from the Kansas Development Finance Authority provided information about bond costs based on the maximum amount of a net \$105.0 million issuance, subject to change and for illustrative estimation purposes only. The total cost of issuance, if the maximum amount of proceeds

is \$105.0 million, would be \$106.57 million. Approximately \$650,000 would be the cost of issuance, \$492,604 would be the cost of insurance premium, \$426,280 would be the underwriter's discount, and less than \$1,200 would be rounding. Assuming 20-year revenue bonds, the total amount of interest would be \$57.6 million on bond principal of \$106.57 million, resulting in total principal and interest payments of \$164.20 million. The interest rate cost is estimated at 4.57 percent.